



**Draft Annual Budget of**  
**uMshwathi**  
**Municipality**

**2015/16 To 2017/18**  
**Medium Term Revenue and Expenditure**  
**Forecasts**

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## Abbreviations and Acronyms

|        |                                                  |       |                                               |
|--------|--------------------------------------------------|-------|-----------------------------------------------|
| AMR    | Automated Meter Reading                          | ℓ     | litre                                         |
| ASGISA | Accelerated and Shared Growth Initiative         | LED   | Local Economic Development                    |
| BPC    | Budget Planning Committee                        | MEC   | Member of the Executive Committee             |
| CBD    | Central Business District                        | MFMA  | Municipal Financial Management Act Programme  |
| CFO    | Chief Financial Officer                          | MIG   | Municipal Infrastructure Grant                |
| CM     | City Manager                                     | MMC   | Member of Mayoral Committee                   |
| CPI    | Consumer Price Index                             | MPRA  | Municipal Properties Rates Act                |
| CRRF   | Capital Replacement Reserve Fund                 | MSA   | Municipal Systems Act                         |
| DBSA   | Development Bank of South Africa                 | MTEF  | Medium-term Expenditure Framework             |
| DoRA   | Division of Revenue Act                          | MTREF | Medium-term Revenue and Expenditure Framework |
| DWA    | Department of Water Affairs                      | NERSA | National Electricity Regulator South Africa   |
| EE     | Employment Equity                                | NGO   | Non-Governmental organisations                |
| EEDSM  | Energy Efficiency Demand Side Management         | NKPIs | National Key Performance Indicators           |
| EM     | Executive Mayor                                  | OHS   | Occupational Health and Safety                |
| FBS    | Free basic services                              | OP    | Operational Plan                              |
| GAMAP  | Generally Accepted Municipal Accounting Practice | PBO   | Public Benefit Organisations                  |
| GDP    | Gross domestic product                           | PHC   | Provincial Health Care                        |
| GDS    | Gauteng Growth and Development Strategy          | PMS   | Performance Management System                 |
| GFS    | Government Financial Statistics                  | PPE   | Property Plant and Equipment                  |
| GRAP   | General Recognised Accounting Practice           | PPP   | Public Private Partnership                    |
| HR     | Human Resources                                  | PTIS  | Public Transport Infrastructure System        |
| HSRC   | Human Science Research Council                   | RG    | Restructuring Grant                           |
| IDP    | Integrated Development Strategy                  | RSC   | Regional Services Council                     |
| IT     | Information Technology                           | SALGA | South African Local Government Association    |
| kl     | kilolitre                                        | SAPS  | South African Police Service                  |
| km     | kilometre                                        | SDBIP | Service Delivery Budget Implementation Plan   |
| KPA    | Key Performance Area                             | SMME  | Small Micro and Medium Enterprises            |
| KPI    | Key Performance Indicator                        |       |                                               |
| kWh    | kilowatt                                         |       |                                               |

## Part 1 – Annual Budget

### 1.1 Mayor's Report

Good morning fellow Councillors, Amakhosi neziNduna, officials, ladies and gentlemen.

It is indeed a great pleasure to stand before you today to present the Draft Budget for 2015/16.

The road from the start of the processes starting in 2014 with the approval of the Budget process timeframes to this point has indeed been long and demanding. I would like to take this opportunity to thank each and every one of you for your contribution to the processes that have ensured that uMshwathi is once again able to meet all the requirements pertaining to the preparation of the draft budget and draft IDP for the 2015-2016 financial year.

The tabling and adoption of the draft budget today will make it possible for the municipality to once again submit it to the Provincial Treasury within the specified timeframes. Again, your contribution is duly acknowledged.

In arriving at this milestone, the municipality has complied with the requirements of the Municipal Finance Management Act, particularly in terms of the timeframes and format. There has been extensive public consultation with all relevant stakeholders.

I am confident that the budget is credible and is aligned to the IDP. We must all be mindful of the fact that it is not possible for the municipality to implement all the projects that have been requested by the communities in one year. The top three prioritised projects will be implemented over the next three years.

The budgetary constraints compel the municipality to prioritize projects and implement projects within the limits of the available financial resources. This is what we must all make the communities to understand.

#### **The highlights of the Draft Budget for 2015/16 are as follows:**

The total budget commitment for the 2015/16 financial year is as follows:

|                       |                            |
|-----------------------|----------------------------|
| Operating Expenditure | : R 137.843 million        |
| Capital Expenditure   | : R 32.264 million         |
| <b>Total</b>          | <b>: R 170.107 million</b> |

## Revenue Projections

Council is hereby informed that the total Revenue Estimates for the 2015/2016 financial year amounts to R170.107 million.

The main income source is attributable to the Rates income and equitable share as shown below:

|                    |                    |
|--------------------|--------------------|
| Rates              | : R 18.600 million |
| Services           | : R 1.850 million  |
| Operational Grants | : R 89.546 million |
| Capital Grants     | : R 26.764 million |
| INEP Grant         | : R 18 000 million |
| Other Income       | : R 15.347 million |

The above revenue will be applied to meet the expenditure in the normal running of the council's business. The salient features of expenditure are as follows:

**Councillor Allowances and Salaries : R 54.411 million**

An increase of 10% has been budgeted for salaries.

**General Expenditure : R 48.857 million**

**Repairs and Maintenance : R16.075 million**

The repairs and maintenance budget was prepared taking into account the requirements of the technical department.

## Capital Expenditure

The total capital budget is estimated at R32.264 million and it is divided as follows:

|                   |                   |
|-------------------|-------------------|
| • Roads           | : R 8.424 million |
| • Halls           | : R 2.924 million |
| • Storm water     | : R 1.000 million |
| • Creches         | : R 2.184 million |
| • High Mast Light | : R 1.462 million |
| • Housing Infra   | : R 6.000 million |
| • Sports field    | : R 4.208 million |
| • Bus Shelters    | : R 0.562 million |
| • Other           | : R 5.500 million |

**Total Projects : R32.264 million**

## 1.2 Council Resolutions

On 30 March 2015 the uMshwathi Municipal Council met in the Council Chambers to consider the annual budget of the municipality for the 2015/16 financial year. The Council approved and adopted the following resolutions:

- (a) That the draft operating and capital budgets for the 2015/2016 financial year and the two outer years herewith annexures 1 and 2, be approved by the Council in terms of section 16 (2) of the Municipal Finance Management Act 56/2003,
- (b) That in terms of section 2 of the Local Government Municipal Property Rates Act 6/2004, as amended, the general rate to be levied on the market value of all rateable property for the 2015/2016 financial year be adjusted and set as follows:

Commercial, residential, and public service infrastructure, industrial and vacant properties; R 0,015048018,

Agricultural properties: 0.014196243

- (c) That in terms of section 15 of the Municipal Property Rates Act 6/2004 the following exemptions, reductions and rebates are applied for the 2015/2016 financial year;

No rate will be levied on public service infrastructure in terms of the latest amendments to the Municipal Property Rates Act,

No rate be applied to the first fifteen thousand rand (R 15 000) of the market value of residential and multipurpose residential properties in terms of section 17 (1) (h) of the Municipal Property Rates Act 6/2004,

The following rebates/reductions will be applied to the respective categories of properties;

|                          |     |
|--------------------------|-----|
| Residential properties;  | 23% |
| Agricultural Properties: | 86% |
| Rural Residential        | 63% |

An additional rebate of 5% on net rates payable is applied on total rates paid up by 31 August 2015.

Public Benefit Organizations who serve the local interests and are approved by the SA Revenue Services and referred to specifically in terms of section 18A and Part 1 of the 9<sup>th</sup> Schedule of the Income Tax Act 58/1962 will receive a rebate of 100%

Qualifying applicants, in terms of the municipality's Rates Policy, who are registered as indigents and are the sole owners of their properties and who permanently reside there on will receive an additional rebate of 75%

Qualifying applicants, in terms of the municipality's Rates Policy, who are over the age of 60 years and or are Disabled persons and who are the sole owners of their properties and who permanently reside thereon will receive an additional rebate calculated on their joint incomes as follows;



|                                                     |     |
|-----------------------------------------------------|-----|
| Joint income of between 0 and R 2500 per month      | 30% |
| Joint income of between R 2501 and R 3500 per month | 20% |
| Joint income of between R 3501 and R 4500 per month | 10% |

That in terms of section 26 (1) (a) of the Municipal Property Rates Act 6/2004 the general rates for the 2015/2016 financial year be recovered in 12 monthly installments and that the final date and time for payment of each monthly installment be 15:00 hours on the last working day of each month,

- (d) That the budgeted salary increase as negotiated and finalised by the Bargaining Council for staff be implemented from 1 July 2015.
- (e) That the budget, once adopted be submitted to the National and Provincial Treasuries.
- (f) That Council's rates policy is amended to take into account the rebates as per paragraph (c) and the tariff policy is amended to take into account the tariff changes.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality to concentrate on direct service delivery.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken to implement various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 75 was used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads infrastructure;
- The need to reprioritise projects and expenditure within the existing financial resources of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – allocations had to be limited the MIG allocation for the 2015/16 financial year; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- As far as possible there will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- A budget was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - HIV/Aids
  - Youth Programs
  - Social Empowerment
  - Sports Promotion
  - Woman Empowerment
  - Refreshments;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

|                                | <b>Adjustment<br/>Budget: 2014/15</b> | <b>Budget Year:<br/>2015/16</b> | <b>Budget Year +1:<br/>2016/17</b> | <b>Budget Year +2:<br/>2017/18</b> |
|--------------------------------|---------------------------------------|---------------------------------|------------------------------------|------------------------------------|
| Total Income                   | -151,488,000.00                       | -170,107,000.00                 | -173,697,000.00                    | -179,124,000.00                    |
| Total Operating<br>Expenditure | 113,359,000.00                        | 170,107,000.00                  | 173,658,600.00                     | 188,308,200.00                     |
| <b>Surplus/-Deficit</b>        | <b>38,129,000.00</b>                  | <b>0.00</b>                     | <b>38,400.00</b>                   | <b>-9,184,200.00</b>               |

Total operating revenue has grown by 12.29 per cent for the 2015/16 financial year when compared to the 2014/15 adjusted revenue. For the two outer years, operational revenue is expected to increase 2.1 per cent and 5.3 per cent respectively, equating to a total revenue growth of 18.24 per cent over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R170.107 million. When compared to the 2014/15 adjusted budget, operational expenditure has grown by 21.6 per cent in the 2014/15 budget and by 128.75 and 66.1 per cent for each of the respective outer years of the MTREF.

The capital budget of R 32.264 million for 2015/16 is 31.7 per cent less when compared to the 2014/15 adjusted budget. The reduction is due to various projects being finalised in the current financial year resulting in no roll over projects as compared to in the 2014/15 financial year. The bulk of the capital budget will be funded from the MIG allocation to the municipality over the MTREF.

## **1.4 Operating Revenue Framework**

For uMshwathi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure at least a 90 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

| Description                                                          | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Property rates                                                       | 9,353           | 15,562          | 23,899          | 21,500               | 25,500          | 25,500             | 18,600                                              | 19,600                 | 20,700                 |
| Property rates - penalties & collection charges                      | 873             | 1,049           | 1,326           | 1,000                | 1,600           | 1,600              | 1,500                                               | 1,500                  | 1,500                  |
| Service charges - refuse revenue                                     | 1,481           | 1,650           | 1,801           | 1,950                | 1,850           | 1,850              | 1,850                                               | 1,940                  | 2,040                  |
| Rental of facilities and equipment                                   | 152             | 173             | 200             | 200                  | 280             | 280                | 300                                                 | 320                    | 330                    |
| Interest earned - external investments                               | 571             | 796             | 847             | 800                  | 750             | 750                | 800                                                 | 800                    | 800                    |
| Interest earned - outstanding debtors                                | 7,455           | 7,564           | 8,180           | 7,500                | 11,000          | 11,000             | 10,000                                              | 10,000                 | 10,000                 |
| Fines                                                                | 41              | 48              | 60              | 101                  | 101             | 101                | 101                                                 | 101                    | 101                    |
| Agency services                                                      | 1,876           | 2,226           | 2,362           | 2,100                | 2,100           | 2,100              | 2,350                                               | 2,695                  | 2,960                  |
| Transfers recognised - operational                                   | 51,830          | 58,061          | 65,775          | 73,922               | 76,922          | 76,922             | 107,546                                             | 108,732                | 111,275                |
| Other revenue                                                        | 263             | 332             | 368             | 206                  | 256             | 256                | 296                                                 | 306                    | 307                    |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>73,896</b>   | <b>87,460</b>   | <b>104,817</b>  | <b>109,279</b>       | <b>120,359</b>  | <b>120,359</b>     | <b>143,343</b>                                      | <b>145,994</b>         | <b>150,013</b>         |

**Table 3 Percentage growth in revenue by main revenue source**

| Description                                                          |                         |                | 2015/16 Medium Term Revenue & Expenditure Framework |             |                        |             |                        |             |
|----------------------------------------------------------------------|-------------------------|----------------|-----------------------------------------------------|-------------|------------------------|-------------|------------------------|-------------|
|                                                                      | Adjusted Budget 2014/15 | % age          | Budget Year 2015/16                                 | % age       | Budget Year +1 2016/17 | % age       | Budget Year +2 2017/18 | % age       |
| Property rates                                                       | 25,500                  | 21.19%         | 18,600                                              | 12.98%      | 19,600                 | 13.43%      | 20,700                 | 13.80%      |
| Property rates - penalties & collection charges                      | 1,600                   | 1.33%          | 1,500                                               | 1.05%       | 1,500                  | 1.03%       | 1,500                  | 1.00%       |
| Service charges - refuse revenue                                     | 1,850                   | 1.54%          | 1,850                                               | 1.29%       | 1,940                  | 1.33%       | 2,040                  | 1.36%       |
| Rental of facilities and equipment                                   | 280                     | 0.23%          | 300                                                 | 0.21%       | 320                    | 0.22%       | 330                    | 0.22%       |
| Interest earned - external investments                               | 750                     | 0.62%          | 800                                                 | 0.56%       | 800                    | 0.55%       | 800                    | 0.53%       |
| Interest earned - outstanding debtors                                | 11,000                  | 9.14%          | 10,000                                              | 6.98%       | 10,000                 | 6.85%       | 10,000                 | 6.67%       |
| Fines                                                                | 101                     | 0.08%          | 101                                                 | 0.07%       | 101                    | 0.07%       | 101                    | 0.07%       |
| Agency services                                                      | 2,100                   | 1.74%          | 2,350                                               | 1.64%       | 2,695                  | 1.85%       | 2,960                  | 1.97%       |
| Transfers recognised - operational                                   | 76,922                  | 63.91%         | 107,546                                             | 75.03%      | 108,732                | 74.48%      | 111,275                | 74.18%      |
| Other revenue                                                        | 256                     | 0.21%          | 296                                                 | 0.21%       | 306                    | 0.21%       | 307                    | 0.20%       |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>120,359</b>          | <b>100.00%</b> | <b>143,343</b>                                      | <b>100%</b> | <b>145,994</b>         | <b>100%</b> | <b>150,013</b>         | <b>100%</b> |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a minor percentage of the revenue basket for the municipality namely +/- 15 per cent of the total revenue mix.

Revenue from property rates is the second largest revenue source totaling around 13 per cent of the total revenue for the year.

Operating grants and transfers for the 2015/16 year showed a significant increase of 39.8 percent as compared to the 2014/15 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

| Description                                  | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                              | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Operating Transfers and Grants</b>        |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>National Government:</b>                  | <b>51,812</b>   | <b>57,607</b>   | <b>64,963</b>   | <b>73,111</b>        | <b>76,111</b>   | <b>76,111</b>      | <b>106,669</b>                                      | <b>107,809</b>         | <b>110,306</b>         |
| Local Government Equitable Share             | 49,180          | 55,307          | 61,423          | 69,377               | 69,377          | 69,377             | 84,824                                              | 86,127                 | 85,373                 |
| Finance Management                           | 1,842           | 1,500           | 1,650           | 1,800                | 1,800           | 1,800              | 1,800                                               | 1,825                  | 1,900                  |
| Municipal Systems Improvement                | 790             | 800             | 890             | 934                  | 934             | 934                | 930                                                 | 957                    | 1,033                  |
| INEP                                         |                 |                 |                 | –                    | 3,000           | 3,000              | 18,000                                              | 18,900                 | 22,000                 |
| EPWP Incentive                               |                 |                 | 1,000           | 1,000                | 1,000           | 1,000              | 1,115                                               | –                      | –                      |
| <b>Provincial Government:</b>                | <b>–</b>        | <b>454</b>      | <b>777</b>      | <b>811</b>           | <b>811</b>      | <b>811</b>         | <b>877</b>                                          | <b>923</b>             | <b>969</b>             |
| Arts and Culture: Library Services           |                 | 454             | 777             | 811                  | 811             | 811                | 877                                                 | 923                    | 969                    |
| <b>Total operating Transfers and Grants:</b> | <b>51,812</b>   | <b>58,061</b>   | <b>65,740</b>   | <b>73,922</b>        | <b>76,922</b>   | <b>76,922</b>      | <b>107,546</b>                                      | <b>108,732</b>         | <b>111,275</b>         |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The general rates rand-age to be applied for the 2015/16 financial year is 0,015048018 (a 6 per cent increase) for residential, commercial, industrial and vacant properties. The rate rand-age applicable to agricultural will not attract the increase of 6 per cent and will remain at 0.014196243.

National Treasury's MFMA Circular No. 75 deals, inter alia with the implementation of the Municipal Property Rates Act and the amended regulations issued by the Department of Co-operative Governance. The amended regulations come into effect on 1 July 2015 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA;
- 23 per cent rebate will be granted on all residential properties;
- 63 per cent rebate will be granted on properties categorized as rural residential;
- 86 per cent rebate will be granted on all agricultural properties;
- 100 per cent rebate on all public service infrastructure;
- 100 per cent rebate will be granted to registered Public Benefit organisations;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 20 per cent calculated on a sliding scale in terms of the municipality's Rates Policy. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

### 1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is only provided in the four urban areas of the municipality. It is proposed that the service will be extended to the rural areas as well. However it must be noted that the rural areas are significantly indigent and the extension of the service will not have an impact on the revenue raised for this service. The tariff for the 2015/16 financial year will be increased by 6 per cent.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 5 MBRR Table SA14 – Household bills**

| Description                                                                               | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                     |                        |                        |
|-------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|---------------------|------------------------|------------------------|
|                                                                                           | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16: % Incr                         | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Monthly Account for Household - 'Middle Income Range'</b>                              |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Rates and services charges:                                                               |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Property rates                                                                            | 389.33          | 446.39          | 468.71          | 486.83               | 486.83          | 486.83             | 6.0%                                                | 516.04              | 547.00                 | 579.82                 |
| Refuse removal                                                                            | 87.18           | 91.25           | 95.81           | 103.00               | 103.00          | 103.00             | 6.0%                                                | 109.18              | 115.73                 | 122.67                 |
| sub-total                                                                                 | 476.51          | 537.64          | 564.52          | 589.83               | 589.83          | 589.83             | 6.0%                                                | 625.22              | 662.73                 | 702.50                 |
| VAT on Services                                                                           |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Total large household bill:                                                               | 476.51          | 537.64          | 564.52          | 589.83               | 589.83          | 589.83             | 6.0%                                                | 625.22              | 662.73                 | 702.50                 |
| % increase/-decrease                                                                      |                 | 12.8%           | 5.0%            | 4.5%                 | -               | -                  |                                                     | 6.0%                | 6.0%                   | 6.0%                   |
| <b>Monthly Account for Household - 'Affordable Range'</b>                                 |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Rates and services charges:                                                               |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Property rates                                                                            | 68.26           | 72.36           | 75.98           | 80.54                | 80.54           | 80.54              | 6.0%                                                | 85.37               | 90.49                  | 95.92                  |
| Refuse removal                                                                            | 87.18           | 91.25           | 95.81           | 103.00               | 103.00          | 103.00             | 6.0%                                                | 109.18              | 115.73                 | 122.67                 |
| sub-total                                                                                 | 155.44          | 163.61          | 171.79          | 183.54               | 183.54          | 183.54             | 6.0%                                                | 194.55              | 206.23                 | 218.60                 |
| VAT on Services                                                                           |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Total small household bill:                                                               | 155.44          | 163.61          | 171.79          | 183.54               | 183.54          | 183.54             | 6.0%                                                | 194.55              | 206.23                 | 218.60                 |
| % increase/-decrease                                                                      |                 | 5.3%            | 5.0%            | 6.8%                 | -               | -                  |                                                     | 6.0%                | 6.0%                   | 6.0%                   |
|                                                                                           |                 |                 | (0.05)          | 0.37                 | (1.00)          | -                  |                                                     |                     |                        |                        |
| <b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b> |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Rates and services charges:                                                               |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Property rates                                                                            |                 | 114.31          | 120.03          | 127.23               | 127.23          | 127.23             | 6.0%                                                | 134.86              | 142.96                 | 151.53                 |
| Refuse removal                                                                            |                 | 91.25           | 95.81           | 103.00               | 103.00          | 103.00             | 6.0%                                                | 109.18              | 115.73                 | 122.67                 |
| sub-total                                                                                 | -               | 205.56          | 215.84          | 230.23               | 230.23          | 230.23             | 6.0%                                                | 244.04              | 258.69                 | 274.21                 |
| VAT on Services                                                                           |                 |                 |                 |                      |                 |                    |                                                     |                     |                        |                        |
| Total small household bill:                                                               | 0.00            | 205.56          | 215.84          | 230.23               | 230.23          | 230.23             | 0.06                                                | 244.04              | 258.69                 | 274.21                 |
| % increase/-decrease                                                                      |                 | 0.00            | 0.05            | 0.07                 | 0.00            | 0.00               |                                                     | 0.06                | 0.06                   | 0.06                   |

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication in terms the IDP;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan, no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 6 Summary of operating expenditure by standard classification item**

| Description                     | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Expenditure By Type</b>      |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Employee related costs          | 26,517          | 29,692          | 37,643          | 43,076               | 48,866          | 48,866             | 46,106                                              | 53,266                 | 57,853                 |
| Remuneration of councilors      | 6,250           | 6,296           | 7,366           | 8,020                | 8,020           | 8,020              | 8,305                                               | 9,126                  | 10,061                 |
| Depreciation & asset impairment | 6,621           | 5,371           | 6,716           | 9,000                | 8,500           | 8,500              | 10,000                                              | 11,000                 | 12,000                 |
| Finance charges                 | 2,704           | 2,181           | 1,839           | 2,750                | 2,750           | 2,750              | 3,000                                               | 3,300                  | 3,500                  |
| Contracted services             | 12,420          | 13,911          | 18,314          | 25,117               | 26,517          | 26,517             | 48,418                                              | 46,031                 | 51,111                 |
| Other expenditure               | 10,242          | 13,798          | 15,108          | 17,316               | 18,706          | 18,706             | 22,015                                              | 23,233                 | 24,672                 |
| <b>Total Expenditure</b>        | <b>64,753</b>   | <b>71,249</b>   | <b>86,985</b>   | <b>105,279</b>       | <b>113,359</b>  | <b>113,359</b>     | <b>137,843</b>                                      | <b>145,956</b>         | <b>159,197</b>         |

The budgeted allocation for employee related costs for the 2015/16 financial year totals R54.411 million, which equals 32.0 per cent of the total operating expenditure. Currently negotiations are still taking place with SALGBC and Labour. Salary increases have been factored into this budget at a percentage increase of 10 per cent for the 2015/16 financial year. The increase will cover the increase finally agreed upon and the difference will be used to fund filling of critical vacant posts. An annual increase of 10 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition



expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.2 per cent (R715 million) of operating expenditure excluding annual redemption for 2015/16.

Other expenditure comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

Contracted services have been identified as a cost saving area for the City. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R48.418 million. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to an average of 5 per cent for 2015/16.

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance has been substantially increased since 2014/15.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 4 000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 7: 2015/16 Medium-term capital budget per vote.**

| Vote Description              | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------|----------------------|-----------------------------------------------------|------------------------|------------------------|
|                               | Adjusted Budget      | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Capital Expenditure</b>    |                      |                                                     |                        |                        |
| Executive and council         | 4,000                | 5,500                                               | –                      | –                      |
| Community and social services | 8,550                | 8,132                                               | 5,023                  | 8,957                  |
| Sport and recreation          | 4,470                | 4,208                                               | 2,160                  | –                      |
| Road transport                | 22,470               | 14,424                                              | 20,520                 | 20,154                 |
| Electricity                   | 3,000                | –                                                   | –                      | –                      |
| Waste management              | –                    | –                                                   | –                      | –                      |
| <b>Total Capital Budget</b>   | <b>42,490</b>        | <b>32,264</b>                                       | <b>27,703</b>          | <b>29,111</b>          |

For 2015/16 an amount of R 26.764 million has been allocated for the development of infrastructure which represents 83 per cent of the total capital budget. In the outer years this amount totals R27.703 million, and R 29.111 million respectively for each of the financial years. Transport and roads has been allocated the highest allocation of R 14.424 million in 2015/16.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Storm Water Drainage R 1.000 million;
- Upgrading/Construction of Creches R 2.184 million;
- Sports Fields R 4.208 million;
- Community Halls R 3.924 million;
- Roads R13.424 million;
- High Mast Lighting R 1.462 million;
- Bus Shelters R 0.562 million;
- Plant and Equipment, Furniture, Vehicles R 5.500 million;

### **1.6.1 Future operational cost of new infrastructure**

Future operational costs are currently being calculated and will be included in Table SA35 when the final budget is approved in May.

## **1.7 Annual Budget Tables**

The Annual Budget Tables (A1 to A10) are attached separately to the report. However explanations for each are given below:

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

| Description                                                          | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    |                   | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Revenue By Source</u></b>                                      |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Property rates                                                       | 9,353           | 15,562          | 23,899          | 21,500               | 25,500          | 25,500             | 25,500            | 18,600                                              | 19,600                 | 20,700                 |
| Property rates - penalties & collection charges                      | 873             | 1,049           | 1,326           | 1,000                | 1,600           | 1,600              | 1,600             | 1,500                                               | 1,500                  | 1,500                  |
| Service charges - electricity revenue                                | –               | –               | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Service charges - water revenue                                      | –               | –               | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Service charges - sanitation revenue                                 | –               | –               | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Service charges - refuse revenue                                     | 1,481           | 1,650           | 1,801           | 1,950                | 1,850           | 1,850              | 1,850             | 1,850                                               | 1,940                  | 2,040                  |
| Service charges - other                                              |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Rental of facilities and equipment                                   | 152             | 173             | 200             | 200                  | 280             | 280                | 280               | 300                                                 | 320                    | 330                    |
| Interest earned - external investments                               | 571             | 796             | 847             | 800                  | 750             | 750                | 750               | 800                                                 | 800                    | 800                    |
| Interest earned - outstanding debtors                                | 7,455           | 7,564           | 8,180           | 7,500                | 11,000          | 11,000             | 11,000            | 10,000                                              | 10,000                 | 10,000                 |
| Dividends received                                                   |                 |                 |                 |                      | –               | –                  | –                 |                                                     |                        |                        |
| Fines                                                                | 41              | 48              | 60              | 101                  | 101             | 101                | 101               | 101                                                 | 101                    | 101                    |
| Licenses and permits                                                 |                 |                 |                 |                      | –               | –                  | –                 |                                                     |                        |                        |
| Agency services                                                      | 1,876           | 2,226           | 2,362           | 2,100                | 2,100           | 2,100              | 2,100             | 2,350                                               | 2,695                  | 2,960                  |
| Transfers recognised - operational                                   | 51,830          | 58,061          | 65,775          | 73,922               | 76,922          | 76,922             | 76,922            | 107,546                                             | 108,732                | 111,275                |
| Other revenue                                                        | 263             | 332             | 368             | 206                  | 256             | 256                | 256               | 296                                                 | 306                    | 307                    |
| Gains on disposal of PPE                                             | 227             |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>74,124</b>   | <b>87,460</b>   | <b>104,817</b>  | <b>109,279</b>       | <b>120,359</b>  | <b>120,359</b>     | <b>120,359</b>    | <b>143,343</b>                                      | <b>145,994</b>         | <b>150,013</b>         |
| <b><u>Expenditure By Type</u></b>                                    |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Employee related costs                                               | 26,517          | 29,692          | 37,643          | 43,076               | 48,866          | 48,866             | 48,866            | 46,106                                              | 53,266                 | 57,853                 |
| Remuneration of councillors                                          | 6,250           | 6,296           | 7,366           | 8,020                | 8,020           | 8,020              | 8,020             | 8,305                                               | 9,126                  | 10,061                 |
| Debt impairment                                                      |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Depreciation & asset impairment                                      | 6,621           | 5,371           | 6,716           | 9,000                | 8,500           | 8,500              | 8,500             | 10,000                                              | 11,000                 | 12,000                 |
| Finance charges                                                      | 2,704           | 2,181           | 1,839           | 2,750                | 2,750           | 2,750              | 2,750             | 3,000                                               | 3,300                  | 3,500                  |
| Bulk purchases                                                       | –               | –               | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Other materials                                                      |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Contracted services                                                  | 12,420          | 13,911          | 18,314          | 25,117               | 26,517          | 26,517             | 26,517            | 48,418                                              | 46,031                 | 51,111                 |
| Transfers and grants                                                 | 22,588          | 49,265          | 47,872          | 46,400               | 51,500          | 51,500             | 51,500            | 53,100                                              | 56,400                 | 60,000                 |
| Other expenditure                                                    | 10,242          | 13,798          | 15,108          | 17,316               | 18,706          | 18,706             | 18,706            | 22,015                                              | 23,233                 | 24,672                 |
| Loss on disposal of PPE                                              |                 |                 |                 |                      |                 |                    |                   |                                                     |                        |                        |

|                                                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total Expenditure</b>                                             | <b>87,341</b>   | <b>120,514</b>  | <b>134,857</b>  | <b>151,679</b>  | <b>164,859</b>  | <b>164,859</b>  | <b>164,859</b>  | <b>190,943</b>  | <b>202,356</b>  | <b>219,197</b>  |
| <b>Surplus/(Deficit)</b>                                             | <b>(13,217)</b> | <b>(33,055)</b> | <b>(30,040)</b> | <b>(42,400)</b> | <b>(44,500)</b> | <b>(44,500)</b> | <b>(44,500)</b> | <b>(47,600)</b> | <b>(56,362)</b> | <b>(69,184)</b> |
| Transfers recognised - capital                                       | 18,563          | 18,404          | 18,888          | –               | 31,129          | 31,129          | 31,129          | 26,764          | 27,703          | 29,111          |
| Contributions recognised - capital                                   | –               | –               | –               | –               | –               | –               | –               | –               | –               | –               |
| Contributed assets                                                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>5,346</b>    | <b>(14,651)</b> | <b>(11,152)</b> | <b>(42,400)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(20,836)</b> | <b>(28,659)</b> | <b>(40,073)</b> |
| Taxation                                                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Surplus/(Deficit) after taxation</b>                              | <b>5,346</b>    | <b>(14,651)</b> | <b>(11,152)</b> | <b>(42,400)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(20,836)</b> | <b>(28,659)</b> | <b>(40,073)</b> |
| Attributable to minorities                                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Surplus/(Deficit) attributable to municipality</b>                | <b>5,346</b>    | <b>(14,651)</b> | <b>(11,152)</b> | <b>(42,400)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(20,836)</b> | <b>(28,659)</b> | <b>(40,073)</b> |
| Share of surplus/ (deficit) of associate                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Surplus/(Deficit) for the year</b>                                | <b>5,346</b>    | <b>(14,651)</b> | <b>(11,152)</b> | <b>(42,400)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(13,371)</b> | <b>(20,836)</b> | <b>(28,659)</b> | <b>(40,073)</b> |



**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R14.343 million in 2015/16.
2. Revenue to be generated from property rates net of rebates is R18.6 million in the 2015/16 financial year and increases to R19.6 million by 2016/17. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the respective financial years of the MTREF.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source is in the region of 60%.
4. Table 4 shows a major actual deficit for the three prior years and a budgeted deficit for the current year and the MTREF. This is due to the fact that rates rebates were captured as both revenue for gone (SA01) and transfers/grants made by the municipality (SA21). This error will be corrected in May before the final budget is approved.
5. Employee related costs are the main cost driver within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses.

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded. Reference is made to the explanatory notes for Table A4 where the reason for the deficit is given and how it will be corrected.

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the following budget time schedule:

**Table 9 – Budget Process**

| ACTIVITY NO | THE EXECUTIVE MAYOR AND THE MUNICIPAL COUNCIL                                                                                                                                                                                                                                                                                                                                                                                            | DATE AND MONTH                            |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 1           | <b>Mayor</b> - Tables in the Municipal Council a time schedule outlining key deadline dates: <ul style="list-style-type: none"> <li>- Planning</li> <li>- Tabling and approving the budget</li> <li>- Reviewing the IDP (Sect 34 of the MSA)</li> <li>- Establish Budget and Treasury Steering committee (BTSC)</li> <li>- Budget related policies and consultation processes</li> </ul> <b>MFMA sect 21,22,23 and MSA sect 34, CH 4</b> | Municipal Council Resolution<br>29-Aug-14 |
| 2           | <b>Mayor</b> - Commences with planning for the next three years in terms of Sect. 52 & 53 of the MFMA <ul style="list-style-type: none"> <li>- Review of the previous year's budget process</li> </ul>                                                                                                                                                                                                                                   | 01-Nov-14<br><br>First Meeting of         |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                           |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|    | <ul style="list-style-type: none"> <li>- The completion of the Budget Evaluation Checklist</li> <li>- Revision of the 2014/2015 Integrated Development Plan</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                            | the BTSC                                  |
| 3  | <b>Municipal Council</b> - To undertake the IDP review process to: <ul style="list-style-type: none"> <li>- Determine strategic objectives for service delivery &amp; development for the next MTREF budget period</li> <li>- Review of provincial and national government sector and its strategic plans</li> </ul>                                                                                                                                                                                                                                                                              | Municipal Council Resolution<br>30-Sep-14 |
| 4  | <b>Mayor</b> - Convenes the meeting of the Budget & Treasury Steering Committee to discuss and debate the Medium Term Budget Policy Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 28-Nov-14                                 |
| 5  | <b>Mayor</b> - Tables the Medium Term Budget Policy Statement and the I.D.P in the Municipal Council for discussion, debate & adoption.                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 12-Dec<br>MC Resolution                   |
| 6  | <b>Mayor</b> - Tables the Final Draft of the MTREF Budget, I.D.P., SDBIP in the Municipal Council, 90 Days before the start of the financial year<br>Publication of the MTREF Budget & I.D.P on website print media                                                                                                                                                                                                                                                                                                                                                                               | 26-Mar-15<br><br>7-Apr-15                 |
| 7  | <b>Mayor and Speaker of the Municipal Council</b> <ul style="list-style-type: none"> <li>- To engage in the Public Participation programme on the MTREF Budget, IDP and debate in the Municipal Council</li> <li>- Municipal Council to consider the submissions and views of the local communities, NT, PT, other provincial and national organs of State and municipal councils</li> <li>- Mayor to be provided with an opportunity to respond to submissions during consultations and table amendments for consideration by the Municipal Council.</li> </ul> <b>MFMA sect 23,24; MSA CH 4</b> | May-15                                    |
| 8  | <b>Mayor Tables and Municipal Council :</b> <ul style="list-style-type: none"> <li>- Must approve the 2015/2016 MTREF Budget, the I.D.P &amp; SDBIP by budget resolution approving changes to the IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before the start of the budget year.</li> </ul> <b>MFMA sect 16,24,26,53</b>                                                                                                                                                                                         | 28-May-15                                 |
| 9  | <b>Mayor</b> <ul style="list-style-type: none"> <li>- Must approve the SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with Sect 57(2) of the MSA.</li> <li>- Must ensure that APA are linked to the measurable performance objectives that were approved with the SDBIP and the budget.</li> <li>- Must submit the SDBIP and performance agreements to the Municipal Council, MEC for Local Government and makes public within 14 days after approval.</li> </ul> <b>MFMA sect 53 ; MSA sect 38-45, 57(2)</b>         | 23-Jun-15                                 |
| 10 | <b>Municipal Council</b> <ul style="list-style-type: none"> <li>- Must finalize a system of delegations</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 30-Jun-15<br>(proposed date)              |



|  |                                                                                                                                                                                                                                                                                                                                                                                                                          |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <b>MFMA sect 59,79,82 ; MSA sect 59-65</b>                                                                                                                                                                                                                                                                                                                                                                               |  |
|  | <b>Abbreviations :</b><br><b>IDP</b> - Integrated Development Plan<br><b>MFMA</b> - Municipal Finance Management Act, no 56 of 2003<br><b>MSA</b> - Local Government Municipal Systems Act, no 32 of 2000<br><b>MTBPS</b> - National Treasury, Medium Term Budget and Policy Statement<br><b>NT</b> - National Treasury<br><b>PT</b> - Provincial Treasury<br><b>SDBIP</b> - Service Delivery Budget Implementation Plan |  |

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to review included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability of the municipality. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance

- Economic climate and trends Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 75 and 54 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation**

The draft 2015/16 MTREF, as tabled before Council on 30 March 2015 for community consultation will be published in the local media on 13 April 2015 and on the municipality's website on 10 April 2015 and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process before finalising the budget in May. Individual sessions will be scheduled with rate payer associations and organised business and community will be held further ensure transparency and interaction.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial Plans. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such plans is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Alignment to the National Development Plan;
- Alignment to the Provincial Growth and Development Strategy;
- Consideration of the National Key Performance Indicators (NKPis);
- Consideration of the National Priority Outcomes.
- Consideration of the District Growth and Development

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - o Provide waste removal;
  - o Provide housing;
  - o Provide roads and storm water;
  - o Provide public transport;
  - o Provide city planning services; and
  - o Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - o Ensuring there is a clear structural plan for the municipality;
  - o Ensuring planning processes function in accordance with set timeframes;
  - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - o Effective implementation of the Indigent Policy;
  - o Working with the provincial department of health to provide primary health care services;
  - o Extending waste removal services and ensuring effective municipal cleansing;
  - o Working with strategic partners such as SAPS to address crime;
  - o Ensuring safe working environments by effective enforcement of building and health regulations;
  - o Promote viable, sustainable communities through proper zoning; and
  - o Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
- 4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - o Optimising effective community participation in the ward committee system; and
  - o Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - o Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - o Reviewing the use of contracted services
  - o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - o Review of the organizational structure to optimize the use of personnel;

The IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

## **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual performance of heads of departments.

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

Unfortunately the main measurable performance objectives were not finalised during this process and Table SA7 was not populated. The objectives will be finalised before the May and Table SA7 will be populated accordingly.

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities the municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1,
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will have to be developed during the current MTREF. The intention of the framework will be to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

#### 2.3.1.6 Other Indicators

- It is attempted to maintain Employee costs as a percentage of operating revenue in the region between 30 and 35 per cent.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is around 10%.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Currently free basic electricity is supplied to registered users.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table MBRR A10 (Basic Service Delivery Measurement).

## **2.4 Overview of budget related-policies**

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Credit Control and Debt Collection Policy is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base

The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). The policy is also currently under review.

### **2.4.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2012 and is currently under review.

### **2.4.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy is being totally reviewed in the current year for implementation in the 2015/16 financial year.

### **2.4.6 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was amended by Council in 2010. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

### **2.4.7 Tariff Policies**

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

### **2.4.8 Rates Policy**

The municipality's rates policy is reviewed on an annual basis to factor in the latest rebate structures and any amendments to the Municipal Property Rates Act.

### **2.4.9 Indigent Policy**

The Indigent Policy is also currently under review and will be adopted before the beginning of the 2015/16 financial year.



## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are four key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 32.0 per cent of total operating expenditure in the 2015/16 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

The credit rating of the municipality is a satisfactory 4 and is not expected to improve in the next year.

### **2.5.4 Collection rate for revenue services**

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 80 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.5 Salary increases**

The collective agreement regarding salaries/wages is still under negotiation.

### **2.5.6 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## 2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook for both operating and capital revenue is as per table below:

**Table 10 – Budget Funding**

| Description                                     | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                 | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Revenue By Source</u></b>                 |                                                     |                        |                        |
| Property rates                                  | 18,600                                              | 19,600                 | 20,700                 |
| Property rates - penalties & collection charges | 1,500                                               | 1,500                  | 1,500                  |
| Service charges - refuse revenue                | 1,850                                               | 1,940                  | 2,040                  |
| Rental of facilities and equipment              | 300                                                 | 320                    | 330                    |
| Interest earned - external investments          | 800                                                 | 800                    | 800                    |
| Interest earned - outstanding debtors           | 10,000                                              | 10,000                 | 10,000                 |
| Fines                                           | 101                                                 | 101                    | 101                    |
| Agency services                                 | 2,350                                               | 2,695                  | 2,960                  |
| Transfers recognised - operational              | 107,546                                             | 108,732                | 111,275                |
| Other revenue                                   | 296                                                 | 306                    | 307                    |
| Transfers Recognised: Capital                   | 26,764                                              | 27,703                 | 29,111                 |
| <b>Total Revenue</b>                            | <b>143,343</b>                                      | <b>145,994</b>         | <b>150,013</b>         |

The following tables shows the operational and operational grants allocated to the municipality through Division of Revenue Act:

**Table 11 – Grant Funding**

| Description                                                | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|------------------------------------------------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                            | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Operating Transfers and Grants</u></b>               |                                                     |                        |                        |
| <b>National Government:</b>                                | <b>106,669</b>                                      | <b>107,809</b>         | <b>110,306</b>         |
| Local Government Equitable Share                           | 84,824                                              | 86,127                 | 85,373                 |
| Finance Management                                         | 1,800                                               | 1,825                  | 1,900                  |
| Municipal Systems Improvement                              | 930                                                 | 957                    | 1,033                  |
| INEP                                                       | 18,000                                              | 18,900                 | 22,000                 |
| EPWP Incentive                                             | 1,115                                               | –                      | –                      |
| <b>Provincial Government:</b>                              | <b>877</b>                                          | <b>923</b>             | <b>969</b>             |
| Arts and Culture: Library Services                         | 877                                                 | 923                    | 969                    |
| <b>Total operating Transfers and Grants:</b>               | <b>107,546</b>                                      | <b>108,732</b>         | <b>111,275</b>         |
| <b><u>-Capital expenditure of Transfers and Grants</u></b> |                                                     |                        |                        |
| <b>National Government:</b>                                |                                                     |                        |                        |
| Municipal Infrastructure Grant (MIG)                       | 26,764                                              | 27,703                 | 29,111                 |
| <b>Total Grant Funding</b>                                 | <b>134,310</b>                                      | <b>136,435</b>         | <b>140,386</b>         |

## 2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 12 MBRR Table A7 - Budget cash flow statement**

| Description                                      | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>Receipts</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Property rates, penalties & collection charges   | 9,031           | 14,068          | 25,228          | 28,695               | 31,895          | 31,895             | 16,080                                              | 16,880                 | 17,760                 |
| Service charges                                  | 902             | 955             | 961             |                      |                 |                    | 1,480                                               | 1,552                  | 1,632                  |
| Other revenue                                    |                 |                 |                 |                      |                 |                    | 3,051                                               | 3,422                  | 3,698                  |
| Government - operating                           | 51,830          | 57,943          | 65,775          | 73,922               | 76,922          | 76,922             | 107,546                                             | 108,732                | 111,275                |
| Government - capital                             | 28,526          | 18,404          | 18,888          | 28,698               | 31,129          | 31,129             | 26,764                                              | 27,703                 | 29,111                 |
| Interest                                         | 571             | 796             | 847             | 800                  | 750             | 750                | 8,800                                               | 8,800                  | 8,800                  |
| <b>Payments</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Suppliers and employees                          | (62,143)        | (66,510)        | (78,318)        | (93,329)             | (101,109)       | (101,109)          | (124,843)                                           | (131,656)              | (143,697)              |
| Finance charges                                  | (2,704)         | (2,134)         | (1,839)         | (2,750)              | (2,750)         | (2,750)            | (3,000)                                             | (3,300)                | (3,500)                |
| Transfers and Grants                             |                 |                 |                 |                      |                 |                    | -                                                   | -                      | -                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> | <b>26,014</b>   | <b>23,521</b>   | <b>31,541</b>   | <b>36,036</b>        | <b>36,837</b>   | <b>36,837</b>      | <b>35,878</b>                                       | <b>32,133</b>          | <b>25,079</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>Receipts</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Proceeds on disposal of PPE                      | 227             |                 |                 |                      |                 |                    | -                                                   | -                      | -                      |
| Decrease (increase) in non-current investments   | (4,951)         | 3,152           | (726)           |                      |                 |                    | -                                                   | -                      | -                      |
| <b>Payments</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Capital assets                                   | (16,510)        | (25,569)        | (24,545)        | (32,698)             | (38,129)        | (38,129)           | (32,264)                                            | (27,703)               | (29,111)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> | <b>(21,234)</b> | <b>(22,418)</b> | <b>(25,271)</b> | <b>(32,698)</b>      | <b>(38,129)</b> | <b>(38,129)</b>    | <b>(32,264)</b>                                     | <b>(27,703)</b>        | <b>(29,111)</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>Receipts</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Short term loans                                 |                 |                 |                 |                      |                 |                    | -                                                   | -                      | -                      |
| Borrowing long term/refinancing                  |                 |                 |                 |                      |                 |                    | -                                                   | -                      | -                      |
| Increase (decrease) in consumer deposits         |                 |                 |                 |                      |                 |                    | -                                                   | -                      | -                      |
| <b>Payments</b>                                  |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Repayment of borrowing                           | (4,512)         | (1,263)         | (5,980)         | (1,750)              | (1,750)         | (1,750)            | (1,750)                                             | (1,750)                | (1,750)                |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> | <b>(4,512)</b>  | <b>(1,263)</b>  | <b>(5,980)</b>  | <b>(1,750)</b>       | <b>(1,750)</b>  | <b>(1,750)</b>     | <b>(1,750)</b>                                      | <b>(1,750)</b>         | <b>(1,750)</b>         |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     | <b>268</b>      | <b>(159)</b>    | <b>290</b>      | <b>1,588</b>         | <b>(3,043)</b>  | <b>(3,043)</b>     | <b>1,864</b>                                        | <b>2,680</b>           | <b>(5,782)</b>         |
| Cash/cash equivalents at the year begin:         | 324             | 592             | 432             | 2,404                | 5,470           | 5,470              | 8,000                                               | 9,864                  | 12,544                 |
| Cash/cash equivalents at the year-end:           | 592             | 432             | 723             | 3,992                | 2,427           | 2,427              | 9,864                                               | 12,544                 | 6,762                  |

The above table shows that cash and cash equivalents of the municipality have steadily increased over the past few years. This trend is expected to continue during the 2015/16 MTREF.

## 2.7 Expenditure on grants and reconciliations of unspent funds

Table 13 shows the expenditure on transfers and grants received. The municipality did not have any unspent grants for the past three years.

**Table 13 MBRR SA19 - Expenditure on transfers and grant programmes**

| Description                                                 | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                             | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Operating expenditure of Transfers and Grants</b>        |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>National Government:</b>                                 | <b>51,812</b>   | <b>57,607</b>   | <b>64,963</b>   | <b>73,111</b>        | <b>76,111</b>   | <b>76,111</b>      | <b>106,669</b>                                      | <b>107,809</b>         | <b>110,306</b>         |
| Local Government Equitable Share                            | 49,180          | 55,307          | 61,423          | 69,377               | 69,377          | 69,377             | 84,824                                              | 86,127                 | 85,373                 |
| Finance Management                                          | 1,842           | 1,500           | 1,650           | 1,800                | 1,800           | 1,800              | 1,800                                               | 1,825                  | 1,900                  |
| Municipal Systems Improvement                               | 790             | 800             | 890             | 934                  | 934             | 934                | 930                                                 | 957                    | 1,033                  |
| Integrated National Electrification Programme               |                 |                 |                 | –                    | 3,000           | 3,000              | 18,000                                              | 18,900                 | 22,000                 |
| EPWP Incentive                                              |                 |                 | 1,000           | 1,000                | 1,000           | 1,000              | 1,115                                               | –                      | –                      |
| <b>Provincial Government:</b>                               | <b>–</b>        | <b>454</b>      | <b>777</b>      | <b>811</b>           | <b>811</b>      | <b>811</b>         | <b>877</b>                                          | <b>923</b>             | <b>969</b>             |
| Arts and Culture: Library Services                          |                 | 454             | 777             | 811                  | 811             | 811                | 877                                                 | 923                    | 969                    |
| <b>Total operating expenditure of Transfers and Grants:</b> | <b>51,812</b>   | <b>58,061</b>   | <b>65,740</b>   | <b>73,922</b>        | <b>76,922</b>   | <b>76,922</b>      | <b>107,546</b>                                      | <b>108,732</b>         | <b>111,275</b>         |
| <b>Capital expenditure of Transfers and Grants</b>          |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b>National Government:</b>                                 | <b>15,171</b>   | <b>18,404</b>   | <b>18,888</b>   | <b>28,698</b>        | <b>31,129</b>   | <b>31,129</b>      | <b>26,764</b>                                       | <b>27,703</b>          | <b>29,111</b>          |
| Municipal Infrastructure Grant (MIG)                        | 15,171          | 18,404          | 13,888          | 25,698               | 31,129          | 31,129             | 26,764                                              | 27,703                 | 29,111                 |
| INEP                                                        |                 |                 | 5,000           | 3,000                | –               | –                  |                                                     |                        |                        |
| <b>Total capital expenditure of Transfers and Grants</b>    | <b>15,171</b>   | <b>18,404</b>   | <b>18,888</b>   | <b>28,698</b>        | <b>31,129</b>   | <b>31,129</b>      | <b>26,764</b>                                       | <b>27,703</b>          | <b>29,111</b>          |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>            | <b>66,983</b>   | <b>76,465</b>   | <b>84,628</b>   | <b>102,620</b>       | <b>108,051</b>  | <b>108,051</b>     | <b>134,310</b>                                      | <b>136,435</b>         | <b>140,386</b>         |

### 2.7.1 Allocations on Grants made by the Municipality

The only allocation made by the municipality is in the form of offering free basic electricity to those who are registered on the data base.

## 2.8 Councillor and employee benefits

**Table 14 MBRR SA22 - Summary of councillor and staff benefits**

| Summary of Employee and Councillor remuneration          | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Councillors (Political Office Bearers plus Other)</b> |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Basic Salaries and Wages                                 | 4,023           | 4,167           | 4,624           | 5,010                | 5,010           | 5,010              | 5,200                                               | 5,700                  | 6,300                  |
| Pension and UIF Contributions                            | 395             | 403             | 447             | 500                  | 500             | 500                | 510                                                 | 561                    | 620                    |
| Medical Aid Contributions                                | 9               | –               | –               | –                    | –               | –                  |                                                     |                        |                        |
| Motor Vehicle Allowance                                  | 1,485           | 1,395           | 1,693           | 1,840                | 1,840           | 1,840              | 1,900                                               | 2,100                  | 2,300                  |
| Cellphone Allowance                                      | 285             | 282             | 544             | 600                  | 600             | 600                | 620                                                 | 682                    | 750                    |
| Housing Allowances                                       |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Other benefits and allowances                            | 52              | 48              | 58              | 70                   | 70              | 70                 | 75                                                  | 83                     | 91                     |
| <b>Sub Total - Councillors</b>                           | <b>6,250</b>    | <b>6,296</b>    | <b>7,366</b>    | <b>8,020</b>         | <b>8,020</b>    | <b>8,020</b>       | <b>8,305</b>                                        | <b>9,126</b>           | <b>10,061</b>          |
| <b>Senior Managers of the Municipality</b>               |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Basic Salaries and Wages                                 |                 |                 |                 | 10,327               | 10,327          | 10,327             | 4,300                                               | 4,730                  | 5,200                  |
| Pension and UIF Contributions                            |                 |                 |                 | 499                  | 499             | 499                |                                                     |                        |                        |
| Performance Bonus                                        |                 |                 |                 |                      |                 |                    | 500                                                 | 330                    | 363                    |
| Motor Vehicle Allowance                                  |                 |                 |                 | 2,095                | 2,095           | 2,095              |                                                     |                        |                        |
| <b>Sub Total - Senior Managers of Municipality</b>       | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>12,921</b>        | <b>12,921</b>   | <b>12,921</b>      | <b>4,800</b>                                        | <b>5,060</b>           | <b>5,563</b>           |
| <b>Other Municipal Staff</b>                             |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Basic Salaries and Wages                                 | 19,344          | 21,152          | 27,716          | 21,187               | 26,977          | 26,977             | 25,880                                              | 31,051                 | 33,617                 |
| Pension and UIF Contributions                            | 2,770           | 3,629           | 4,166           | 4,429                | 4,429           | 4,429              | 6,217                                               | 6,981                  | 7,693                  |
| Medical Aid Contributions                                | 914             | 905             | 1,030           | 1,211                | 1,211           | 1,211              | 1,516                                               | 1,677                  | 1,545                  |
| Overtime                                                 | 570             | 714             | 719             | 403                  | 403             | 403                | 660                                                 | 726                    | 802                    |
| Motor Vehicle Allowance                                  | 1,106           | 1,448           | 1,961           | 252                  | 252             | 252                | 2,920                                               | 3,233                  | 3,619                  |
| Housing Allowances                                       | 96              | 115             | 92              | 106                  | 106             | 106                | 127                                                 | 142                    | 158                    |
| Other benefits and allowances                            | 1,716           | 1,730           | 1,960           | 2,568                | 2,568           | 2,568              | 3,986                                               | 4,396                  | 4,857                  |
| <b>Sub Total - Other Municipal Staff</b>                 | <b>26,517</b>   | <b>29,692</b>   | <b>37,643</b>   | <b>30,155</b>        | <b>35,945</b>   | <b>35,945</b>      | <b>41,306</b>                                       | <b>48,206</b>          | <b>52,290</b>          |
| <b>Total Parent Municipality</b>                         | <b>32,766</b>   | <b>35,988</b>   | <b>45,009</b>   | <b>51,096</b>        | <b>56,886</b>   | <b>56,886</b>      | <b>54,411</b>                                       | <b>62,392</b>          | <b>67,914</b>          |

**Table 15 MBRR SA24 – Summary of personnel numbers**

| Summary of Personnel Numbers                                  | 2013/14    |                     |                    | Current Year 2014/15 |                     |                    | Budget Year 2015/16 |                     |                    |
|---------------------------------------------------------------|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|                                                               | Positions  | Permanent employees | Contract employees | Positions            | Permanent employees | Contract employees | Positions           | Permanent employees | Contract employees |
| <b>Municipal Council and Boards of Municipal Entities</b>     |            |                     |                    |                      |                     |                    |                     |                     |                    |
| Councillors (Political Office Bearers plus Other Councillors) | 26         |                     | 26                 | 26                   |                     | 26                 | 26                  |                     | 26                 |
| Board Members of municipal entities                           |            |                     |                    |                      |                     |                    |                     |                     |                    |
| <b>Municipal employees</b>                                    |            |                     |                    |                      |                     |                    |                     |                     |                    |
| Municipal Manager and Senior Managers                         | 4          | –                   | 4                  | 5                    |                     | 5                  | 5                   |                     | 5                  |
| Other Managers                                                | 16         | 5                   | 11                 | 16                   | 5                   | 11                 | 16                  | 5                   | 11                 |
| Professionals                                                 | 19         | 19                  | –                  | 22                   | 22                  | –                  | 22                  | 22                  | –                  |
| <i>Finance</i>                                                | 12         | 12                  |                    | 12                   | 12                  |                    | 12                  | 12                  |                    |
| <i>Spatial/town planning</i>                                  |            |                     |                    |                      |                     |                    |                     |                     |                    |
| <i>Information Technology</i>                                 |            |                     |                    | 1                    | 1                   |                    | 1                   | 1                   |                    |
| <i>Roads</i>                                                  |            |                     |                    | 1                    | 1                   |                    | 1                   | 1                   |                    |
| <i>Refuse</i>                                                 |            |                     |                    |                      |                     |                    |                     |                     |                    |
| <i>Other</i>                                                  | 7          | 7                   |                    | 8                    | 8                   |                    | 8                   | 8                   |                    |
| Technicians                                                   | 120        | 120                 | –                  | 134                  | 134                 | –                  | 134                 | 134                 | –                  |
| <i>Refuse</i>                                                 |            |                     |                    |                      |                     |                    |                     |                     |                    |
| <i>Other</i>                                                  | 120        | 120                 |                    | 134                  | 134                 |                    | 134                 | 134                 |                    |
| Clerks (Clerical and administrative)                          | 11         | 11                  |                    | 12                   | 12                  |                    | 12                  | 12                  |                    |
| Service and sales workers                                     | 7          | 7                   |                    | 7                    | 7                   |                    | 7                   | 7                   |                    |
| <b>TOTAL PERSONNEL NUMBERS</b>                                | <b>203</b> | <b>162</b>          | <b>41</b>          | <b>222</b>           | <b>180</b>          | <b>42</b>          | <b>222</b>          | <b>180</b>          | <b>42</b>          |
| <b>Total municipal employees headcount</b>                    |            |                     |                    |                      |                     |                    |                     |                     |                    |
| Finance personnel headcount                                   | 14         | 14                  |                    | 14                   | 14                  |                    | 14                  | 14                  |                    |
| Human Resources personnel headcount                           | 4          | 4                   |                    | 4                    | 4                   |                    | 4                   | 4                   |                    |

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 16 MBRR SA25 - Budgeted monthly revenue and expenditure**

| Description                                                          | Budget Year 2015/16 |              |              |              |               |              |              |              |               |              |              |              | Medium Term Revenue and Expenditure Framework |                        |                        |
|----------------------------------------------------------------------|---------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|------------------------|
|                                                                      | July                | August       | Sept.        | October      | November      | December     | January      | February     | March         | April        | May          | June         | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Revenue By Source</u></b>                                      |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Property rates                                                       | 1,550               | 1,550        | 1,550        | 1,550        | 1,550         | 1,550        | 1,550        | 1,550        | 1,550         | 1,550        | 1,550        | 1,550        | 18,600                                        | 19,600                 | 20,700                 |
| Property rates - penalties & collection charges                      | 125                 | 125          | 125          | 125          | 125           | 125          | 125          | 125          | 125           | 125          | 125          | 125          | 1,500                                         | 1,500                  | 1,500                  |
| Service charges - refuse revenue                                     | 154                 | 154          | 154          | 154          | 154           | 154          | 154          | 154          | 154           | 154          | 154          | 154          | 1,850                                         | 1,940                  | 2,040                  |
| Rental of facilities and equipment                                   | 25                  | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 300                                           | 320                    | 330                    |
| Interest earned - external investments                               | 67                  | 67           | 67           | 67           | 67            | 67           | 67           | 67           | 67            | 67           | 67           | 67           | 800                                           | 800                    | 800                    |
| Interest earned - outstanding debtors                                | 833                 | 833          | 833          | 833          | 833           | 833          | 833          | 833          | 833           | 833          | 833          | 833          | 10,000                                        | 10,000                 | 10,000                 |
| Fines                                                                | 8                   | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 101                                           | 101                    | 101                    |
| Agency services                                                      | 196                 | 196          | 196          | 196          | 196           | 196          | 196          | 196          | 196           | 196          | 196          | 196          | 2,350                                         | 2,695                  | 2,960                  |
| Transfers recognised - operational                                   | 38,519              | 877          | 4,500        |              | 28,609        | 4,500        |              |              | 26,042        |              | 4,500        | –            | 107,546                                       | 108,732                | 111,275                |
| Other revenue                                                        | 25                  | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 296                                           | 306                    | 307                    |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>41,502</b>       | <b>3,860</b> | <b>7,483</b> | <b>2,983</b> | <b>31,592</b> | <b>7,483</b> | <b>2,983</b> | <b>2,983</b> | <b>29,025</b> | <b>2,983</b> | <b>7,483</b> | <b>2,983</b> | <b>143,343</b>                                | <b>145,994</b>         | <b>150,013</b>         |
| <b><u>Expenditure By Type</u></b>                                    |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Employee related costs                                               | 3,842               | 3,842        | 3,842        | 3,842        | 3,842         | 3,842        | 3,842        | 3,842        | 3,842         | 3,842        | 3,842        | 3,844        | 46,106                                        | 53,266                 | 57,853                 |
| Remuneration of councillors                                          | 692                 | 692          | 692          | 692          | 692           | 692          | 692          | 692          | 692           | 692          | 692          | 693          | 8,305                                         | 9,126                  | 10,061                 |
| Depreciation & asset impairment                                      | 833                 | 833          | 833          | 833          | 833           | 833          | 833          | 833          | 833           | 833          | 833          | 837          | 10,000                                        | 11,000                 | 12,000                 |
| Finance charges                                                      | 250                 | 250          | 250          | 250          | 250           | 250          | 250          | 250          | 250           | 250          | 250          | 250          | 3,000                                         | 3,300                  | 3,500                  |
| Contracted services                                                  | 4,034               | 4,034        | 4,034        | 4,034        | 4,034         | 4,034        | 4,034        | 4,034        | 4,034         | 4,034        | 4,034        | 4,044        | 48,418                                        | 46,031                 | 51,111                 |
| Transfers and grants                                                 |                     |              |              |              |               |              |              |              |               |              |              | 53,100       | 53,100                                        | 56,400                 | 60,000                 |



|                                                                      |               |                |                |                |               |                |                |                |               |                |                |                 |                 |                 |                 |
|----------------------------------------------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Other expenditure                                                    | 1,834         | 1,834          | 1,834          | 1,834          | 1,834         | 1,834          | 1,834          | 1,834          | 1,834         | 1,834          | 1,834          | 1,841           | 22,015          | 23,233          | 24,672          |
| <b>Total Expenditure</b>                                             | <b>11,485</b> | <b>11,485</b>  | <b>11,485</b>  | <b>11,485</b>  | <b>11,485</b> | <b>11,485</b>  | <b>11,485</b>  | <b>11,485</b>  | <b>11,485</b> | <b>11,485</b>  | <b>11,485</b>  | <b>64,608</b>   | <b>190,943</b>  | <b>202,356</b>  | <b>219,197</b>  |
| <b>Surplus/(Deficit)</b>                                             | <b>30,017</b> | <b>(7,625)</b> | <b>(4,002)</b> | <b>(8,502)</b> | <b>20,107</b> | <b>(4,002)</b> | <b>(8,502)</b> | <b>(8,502)</b> | <b>17,540</b> | <b>(8,502)</b> | <b>(4,002)</b> | <b>(61,625)</b> | <b>(47,600)</b> | <b>(56,362)</b> | <b>(69,184)</b> |
| Transfers recognised - capital                                       | 11,151        |                |                |                | 8,921         |                |                |                | 6,692         |                |                | –               | 26,764          | 27,703          | 29,111          |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>41,168</b> | <b>(7,625)</b> | <b>(4,002)</b> | <b>(8,502)</b> | <b>29,028</b> | <b>(4,002)</b> | <b>(8,502)</b> | <b>(8,502)</b> | <b>24,232</b> | <b>(8,502)</b> | <b>(4,002)</b> | <b>(61,625)</b> | <b>(20,836)</b> | <b>(28,659)</b> | <b>(40,073)</b> |

**Table 17 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

| Description                                          | Budget Year 2015/16 |              |              |              |               |              |              |              |               |              |              |              | Medium Term Revenue and Expenditure Framework |                        |                        |
|------------------------------------------------------|---------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|------------------------|
|                                                      | July                | August       | Sept.        | October      | November      | December     | January      | February     | March         | April        | May          | June         | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Revenue by Vote</u></b>                        |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Vote 1 - Council General                             | 39,574              | 1,932        | 1,055        | 1,055        | 29,664        | 1,055        | 1,055        | 1,055        | 22,597        | 1,055        | 1,055        | 1,056        | 102,207                                       | 102,513                | 101,957                |
| Vote 2 - Rates                                       | 1,550               | 1,550        | 1,550        | 1,550        | 1,550         | 1,550        | 1,550        | 1,550        | 1,550         | 1,550        | 1,550        | 1,550        | 18,600                                        | 19,600                 | 20,700                 |
| Vote 6 - Library Services                            |                     | 1            |              |              |               | 1            |              |              |               |              |              | –            | 1                                             | 1                      | 1                      |
| Vote 8 - Traffic                                     | 8                   | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 100                                           | 100                    | 100                    |
| Vote 9 - Motor Licensing                             | 195                 | 195          | 195          | 195          | 195           | 195          | 195          | 195          | 195           | 195          | 195          | 205          | 2,350                                         | 2,695                  | 2,960                  |
| Vote 12 - Public Works                               | 11,167              | 16           | 4,516        | 16           | 8,937         | 4,516        | 16           | 16           | 11,208        | 16           | 16           | 4,524        | 44,964                                        | 46,813                 | 51,331                 |
| Vote 13 - Cemetery/Community Halls                   | 3                   | 3            | 3            | 3            | 3             | 3            | 3            | 3            | 3             | 3            | 3            | 3            | 35                                            | 35                     | 35                     |
| Vote 15 - Waste/Refuse Removal                       | 154                 | 154          | 154          | 154          | 154           | 154          | 154          | 154          | 154           | 154          | 154          | 156          | 1,850                                         | 1,940                  | 2,040                  |
| <b>Total Revenue by Vote</b>                         | <b>52,651</b>       | <b>3,859</b> | <b>7,481</b> | <b>2,981</b> | <b>40,511</b> | <b>7,482</b> | <b>2,981</b> | <b>2,981</b> | <b>35,715</b> | <b>2,981</b> | <b>2,981</b> | <b>7,502</b> | <b>170,107</b>                                | <b>173,697</b>         | <b>179,124</b>         |
| <b><u>Expenditure by Vote to be appropriated</u></b> |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Vote 1 - Council General                             | 1,005               | 1,005        | 1,005        | 1,005        | 1,005         | 1,005        | 1,005        | 1,005        | 1,005         | 1,005        | 1,005        | 1,005        | 12,060                                        | 13,196                 | 14,475                 |
| Vote 3 - Municipal Manager                           | 1,567               | 1,567        | 1,567        | 1,567        | 1,567         | 1,567        | 1,567        | 1,567        | 1,567         | 1,567        | 1,567        | 1,567        | 18,802                                        | 19,984                 | 21,268                 |
| Vote 4 - Corporate Services                          | 1,106               | 1,106        | 1,106        | 1,106        | 1,106         | 1,106        | 1,106        | 1,106        | 1,106         | 1,106        | 1,106        | 1,106        | 13,268                                        | 17,023                 | 18,571                 |
| Vote 5 - Community Services                          | 822                 | 822          | 822          | 822          | 822           | 822          | 822          | 822          | 822           | 822          | 822          | 822          | 9,860                                         | 10,783                 | 11,901                 |

|                                        |               |                |                |                |               |                |                |                |               |                |                |                |                |                |                |
|----------------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Vote 6 - Library Services              | 131           | 131            | 131            | 131            | 131           | 131            | 131            | 131            | 131           | 131            | 131            | 132            | 1,574          | 1,716          | 1,884          |
| Vote 8 - Traffic                       | 255           | 255            | 255            | 255            | 255           | 255            | 255            | 255            | 255           | 255            | 255            | 255            | 3,057          | 3,399          | 3,723          |
| Vote 9 - Motor Licensing               | 89            | 89             | 89             | 89             | 89            | 89             | 89             | 89             | 89            | 89             | 89             | 89             | 1,064          | 1,176          | 1,297          |
| Vote 10 - Finance                      | 1,794         | 1,794          | 1,794          | 1,794          | 1,794         | 1,794          | 1,794          | 1,794          | 1,794         | 1,794          | 1,794          | 3,751          | 23,482         | 25,646         | 27,977         |
| Vote 11 - Technical Services           | 2,056         | 2,056          | 2,056          | 2,056          | 2,056         | 2,056          | 2,056          | 2,056          | 2,056         | 2,056          | 2,056          | 2,056          | 24,675         | 23,516         | 25,103         |
| Vote 12 - Public Works                 | 2,221         | 2,221          | 2,221          | 2,221          | 2,221         | 2,221          | 2,221          | 2,221          | 2,221         | 2,221          | 2,221          | 2,235          | 26,670         | 26,120         | 29,270         |
| Vote 13 - Cemetery/Community Halls     | 100           | 100            | 100            | 100            | 100           | 100            | 100            | 100            | 100           | 100            | 100            | 100            | 1,199          | 1,045          | 1,152          |
| Vote 14 - Environmental/Pound Mgt      | 119           | 119            | 119            | 119            | 119           | 119            | 119            | 119            | 119           | 119            | 119            | 120            | 1,432          | 1,580          | 1,727          |
| Vote 15 - Waste/Refuse Removal         | 58            | 58             | 58             | 58             | 58            | 58             | 58             | 58             | 58            | 58             | 58             | 59             | 700            | 771            | 850            |
| <b>Total Expenditure by Vote</b>       | <b>11,322</b> | <b>11,322</b>  | <b>11,322</b>  | <b>11,322</b>  | <b>11,322</b> | <b>11,322</b>  | <b>11,322</b>  | <b>11,322</b>  | <b>11,322</b> | <b>11,322</b>  | <b>11,322</b>  | <b>13,297</b>  | <b>137,843</b> | <b>145,956</b> | <b>159,197</b> |
| <b>Surplus/(Deficit) before assoc.</b> | <b>41,329</b> | <b>(7,464)</b> | <b>(3,841)</b> | <b>(8,341)</b> | <b>29,188</b> | <b>(3,841)</b> | <b>(8,341)</b> | <b>(8,341)</b> | <b>24,392</b> | <b>(8,341)</b> | <b>(8,341)</b> | <b>(5,795)</b> | <b>32,264</b>  | <b>27,741</b>  | <b>19,927</b>  |

**Table 18 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

| Description                                       | Budget Year 2015/16 |              |              |              |               |              |              |              |               |              |              |              | Medium Term Revenue and Expenditure Framework |                        |                        |
|---------------------------------------------------|---------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|------------------------|
|                                                   | July                | August       | Sept.        | October      | November      | December     | January      | February     | March         | April        | May          | June         | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Revenue - Standard</u></b>                  |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| <b><i>Governance and administration</i></b>       | <b>42,712</b>       | <b>5,070</b> | <b>4,193</b> | <b>4,193</b> | <b>32,802</b> | <b>4,193</b> | <b>4,193</b> | <b>4,193</b> | <b>25,735</b> | <b>4,193</b> | <b>4,193</b> | <b>3,138</b> | <b>138,807</b>                                | <b>141,013</b>         | <b>144,657</b>         |
| Executive and council                             | 40,133              | 2,491        | 1,614        | 1,614        | 30,223        | 1,614        | 1,614        | 1,614        | 23,156        | 1,614        | 1,614        | 559          | 107,862                                       | 109,068                | 111,612                |
| Budget and treasury office                        | 2,579               | 2,579        | 2,579        | 2,579        | 2,579         | 2,579        | 2,579        | 2,579        | 2,579         | 2,579        | 2,579        | 2,579        | 30,945                                        | 31,945                 | 33,045                 |
| <b><i>Community and public safety</i></b>         | <b>11</b>           | <b>11</b>    | <b>11</b>    | <b>11</b>    | <b>11</b>     | <b>11</b>    | <b>11</b>    | <b>11</b>    | <b>11</b>     | <b>11</b>    | <b>11</b>    | <b>11</b>    | <b>136</b>                                    | <b>136</b>             | <b>136</b>             |
| Community and social services                     | 3                   | 3            | 3            | 3            | 3             | 3            | 3            | 3            | 3             | 3            | 3            | 3            | 36                                            | 36                     | 36                     |
| Public safety                                     | 8                   | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 100                                           | 100                    | 100                    |
| <b><i>Economic and environmental services</i></b> | <b>11,365</b>       | <b>214</b>   | <b>214</b>   | <b>214</b>   | <b>9,135</b>  | <b>214</b>   | <b>214</b>   | <b>214</b>   | <b>6,906</b>  | <b>214</b>   | <b>214</b>   | <b>198</b>   | <b>29,314</b>                                 | <b>30,608</b>          | <b>32,291</b>          |
| Road transport                                    | 11,365              | 214          | 214          | 214          | 9,135         | 214          | 214          | 214          | 6,906         | 214          | 214          | 198          | 29,314                                        | 30,608                 | 32,291                 |
| <b><i>Trading services</i></b>                    | <b>154</b>          | <b>154</b>   | <b>154</b>   | <b>154</b>   | <b>154</b>    | <b>154</b>   | <b>154</b>   | <b>154</b>   | <b>154</b>    | <b>154</b>   | <b>154</b>   | <b>156</b>   | <b>1,850</b>                                  | <b>1,940</b>           | <b>2,040</b>           |
| Waste management                                  | 154                 | 154          | 154          | 154          | 154           | 154          | 154          | 154          | 154           | 154          | 154          | 156          | 1,850                                         | 1,940                  | 2,040                  |
| <b>Total Revenue - Standard</b>                   | <b>54,242</b>       | <b>5,449</b> | <b>4,572</b> | <b>4,572</b> | <b>42,102</b> | <b>4,572</b> | <b>4,572</b> | <b>4,572</b> | <b>32,806</b> | <b>4,572</b> | <b>4,572</b> | <b>3,504</b> | <b>170,107</b>                                | <b>173,697</b>         | <b>179,124</b>         |
| <b><u>Expenditure - Standard</u></b>              |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| <b><i>Governance and administration</i></b>       | <b>7,513</b>        | <b>7,513</b> | <b>7,513</b> | <b>7,513</b> | <b>7,513</b>  | <b>7,513</b> | <b>7,513</b> | <b>7,513</b> | <b>7,513</b>  | <b>7,513</b> | <b>7,513</b> | <b>9,471</b> | <b>92,112</b>                                 | <b>97,749</b>          | <b>107,791</b>         |
| Executive and council                             | 4,614               | 4,614        | 4,614        | 4,614        | 4,614         | 4,614        | 4,614        | 4,614        | 4,614         | 4,614        | 4,614        | 4,614        | 55,362                                        | 55,080                 | 61,243                 |
| Budget and treasury office                        | 1,794               | 1,794        | 1,794        | 1,794        | 1,794         | 1,794        | 1,794        | 1,794        | 1,794         | 1,794        | 1,794        | 3,751        | 23,482                                        | 25,646                 | 27,977                 |
| Corporate services                                | 1,106               | 1,106        | 1,106        | 1,106        | 1,106         | 1,106        | 1,106        | 1,106        | 1,106         | 1,106        | 1,106        | 1,106        | 13,268                                        | 17,023                 | 18,571                 |
| <b><i>Community and public safety</i></b>         | <b>1,308</b>        | <b>1,308</b> | <b>1,308</b> | <b>1,308</b> | <b>1,308</b>  | <b>1,308</b> | <b>1,308</b> | <b>1,308</b> | <b>1,308</b>  | <b>1,308</b> | <b>1,308</b> | <b>1,308</b> | <b>15,690</b>                                 | <b>16,943</b>          | <b>18,660</b>          |
| Community and social services                     | 1,053               | 1,053        | 1,053        | 1,053        | 1,053         | 1,053        | 1,053        | 1,053        | 1,053         | 1,053        | 1,053        | 1,053        | 12,633                                        | 13,544                 | 14,937                 |
| Public safety                                     | 255                 | 255          | 255          | 255          | 255           | 255          | 255          | 255          | 255           | 255          | 255          | 255          | 3,057                                         | 3,399                  | 3,723                  |
| <b><i>Economic and environmental services</i></b> | <b>2,341</b>        | <b>2,341</b> | <b>2,341</b> | <b>2,341</b> | <b>2,341</b>  | <b>2,341</b> | <b>2,341</b> | <b>2,341</b> | <b>2,341</b>  | <b>2,341</b> | <b>2,341</b> | <b>3,593</b> | <b>29,341</b>                                 | <b>30,492</b>          | <b>31,897</b>          |

|                                     |               |                |                |                |               |                |                |                |               |                |                |                 |                |                |                |
|-------------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| Road transport                      | 2,221         | 2,221          | 2,221          | 2,221          | 2,221         | 2,221          | 2,221          | 2,221          | 2,221         | 2,221          | 2,221          | 3,474           | 27,909         | 28,912         | 30,170         |
| Environmental protection            | 119           | 119            | 119            | 119            | 119           | 119            | 119            | 119            | 119           | 119            | 119            | 120             | 1,432          | 1,580          | 1,727          |
| <b>Trading services</b>             | <b>58</b>     | <b>58</b>      | <b>58</b>      | <b>58</b>      | <b>58</b>     | <b>58</b>      | <b>58</b>      | <b>58</b>      | <b>58</b>     | <b>58</b>      | <b>58</b>      | <b>59</b>       | <b>700</b>     | <b>771</b>     | <b>850</b>     |
| Waste management                    | 58            | 58             | 58             | 58             | 58            | 58             | 58             | 58             | 58            | 58             | 58             | 59              | 700            | 771            | 850            |
| <b>Total Expenditure - Standard</b> | <b>11,219</b> | <b>11,219</b>  | <b>11,219</b>  | <b>11,219</b>  | <b>11,219</b> | <b>11,219</b>  | <b>11,219</b>  | <b>11,219</b>  | <b>11,219</b> | <b>11,219</b>  | <b>11,219</b>  | <b>14,430</b>   | <b>137,843</b> | <b>145,956</b> | <b>159,197</b> |
| <b>Surplus/(Deficit)</b>            | <b>43,023</b> | <b>(5,770)</b> | <b>(6,647)</b> | <b>(6,647)</b> | <b>30,882</b> | <b>(6,647)</b> | <b>(6,647)</b> | <b>(6,647)</b> | <b>21,586</b> | <b>(6,647)</b> | <b>(6,647)</b> | <b>(10,927)</b> | <b>32,264</b>  | <b>27,741</b>  | <b>19,927</b>  |

**Table 19 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

| Description                                              | Budget Year 2015/16 |        |       |         |       |       |         |       |       |       |       |       | Medium Term Revenue and Expenditure Framework |                        |                        |
|----------------------------------------------------------|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|-------|-----------------------------------------------|------------------------|------------------------|
|                                                          | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June  | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Single-year expenditure to be appropriated</u></b> |                     |        |       |         |       |       |         |       |       |       |       |       |                                               |                        |                        |
| Vote 1 - Council General                                 |                     | 1,000  |       | 1,500   |       |       |         | 1,000 |       |       | 500   | -     | 4,000                                         | -                      | -                      |
| Vote 2 - Rates                                           |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 3 - Municipal Manager                               |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 4 - Corporate Services                              |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 5 - Community Services                              |                     | 1,234  | 1,234 | 1,234   | 1,234 | 1,234 | 1,234   | 1,234 | 1,234 | 1,234 | 1,234 | -     | 12,340                                        | 7,183                  | 11,197                 |
| Vote 6 - Library Services                                |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 7 - Clinic                                          |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 8 - Traffic                                         |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 9 - Motor Licensing                                 |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 10 - Finance                                        |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 11 - Technical Services                             |                     |        | 1,592 | 1,592   | 1,592 | 1,592 | 1,592   | 1,592 | 1,592 | 1,592 | 1,592 | 1,596 | 15,924                                        | 20,520                 | 17,914                 |
| Vote 12 - Public Works                                   |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 13 - Cemetery/Community Halls                       |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 14 - Environmental/Pound Management                 |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| Vote 15 - Waste/Refuse Removal                           |                     |        |       |         |       |       |         |       |       |       |       | -     | -                                             | -                      | -                      |
| <b>Total Capital Expenditure</b>                         | -                   | 2,234  | 2,826 | 4,326   | 2,826 | 2,826 | 2,826   | 3,826 | 2,826 | 2,826 | 3,326 | 1,596 | 32,264                                        | 27,703                 | 29,111                 |

Table 20 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description                                  | Budget Year 2015/16 |              |              |              |              |              |              |              |              |              |              |              | Medium Term Revenue and Expenditure Framework |                        |                        |
|----------------------------------------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|------------------------|
|                                              | July                | August       | Sept.        | October      | Nov.         | Dec.         | January      | Feb.         | March        | April        | May          | June         | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Capital Expenditure - Standard</u></b> |                     |              |              |              |              |              |              |              |              |              |              |              |                                               |                        |                        |
| <i>Governance and administration</i>         | 500                 | 1,000        | -            | 1,500        | -            | 1,000        | -            | 1,000        | -            | -            | 500          | -            | 5,500                                         | -                      | -                      |
| Executive and council                        | 500                 | 1,000        |              | 1,500        |              | 1,000        |              | 1,000        |              |              | 500          | -            | 5,500                                         | -                      | -                      |
| <i>Community and public safety</i>           | -                   | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | 1,234        | -            | 12,340                                        | 7,183                  | 8,957                  |
| Community and social services                |                     | 813          | 813          | 813          | 813          | 813          | 813          | 813          | 813          | 813          | 813          | -            | 8,132                                         | 5,023                  | 8,957                  |
| Sport and recreation                         |                     | 421          | 421          | 421          | 421          | 421          | 421          | 421          | 421          | 421          | 421          | -            | 4,208                                         | 2,160                  | -                      |
| <i>Economic and environmental services</i>   | -                   | -            | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 14,424                                        | 20,520                 | 20,154                 |
| Road transport                               |                     |              | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 1,442        | 14,424                                        | 20,520                 | 20,154                 |
| <b>Total Capital Expenditure - Standard</b>  | <b>500</b>          | <b>2,234</b> | <b>2,676</b> | <b>4,176</b> | <b>2,676</b> | <b>3,676</b> | <b>2,676</b> | <b>3,676</b> | <b>2,676</b> | <b>2,676</b> | <b>3,176</b> | <b>1,442</b> | <b>32,264</b>                                 | <b>27,703</b>          | <b>29,111</b>          |
| <b><u>Funded by:</u></b>                     |                     |              |              |              |              |              |              |              |              |              |              |              |                                               |                        |                        |
| National Government                          | 11,151              |              |              |              | 8,921        |              |              |              | 6,692        |              |              | -            | 26,764                                        | 27,703                 | 29,111                 |
| Transfers recognised - capital               | 11,151              | -            | -            | -            | 8,921        | -            | -            | -            | 6,692        | -            | -            | -            | 26,764                                        | 27,703                 | 29,111                 |
| Internally generated funds                   |                     | 550          | 550          | 550          | 550          | 550          | 550          | 550          | 550          | 550          | 550          | -            | 5,500                                         | -                      | -                      |
| <b>Total Capital Funding</b>                 | <b>11,151</b>       | <b>550</b>   | <b>550</b>   | <b>550</b>   | <b>9,471</b> | <b>550</b>   | <b>550</b>   | <b>550</b>   | <b>7,242</b> | <b>550</b>   | <b>550</b>   | <b>-</b>     | <b>32,264</b>                                 | <b>27,703</b>          | <b>29,111</b>          |

**Table 21 MBRR SA30 - Budgeted monthly cash flow**

| MONTHLY CASH FLOWS                              | Budget Year 2015/16 |              |              |              |               |              |              |              |               |              |              |              | Medium Term Revenue and Expenditure Framework |                        |                        |
|-------------------------------------------------|---------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|------------------------|
|                                                 | July                | August       | Sept.        | October      | Nov.          | Dec.         | January      | February     | March         | April        | May          | June         | Budget Year 2015/16                           | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Cash Receipts By Source</u></b>           |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Property rates                                  | 1,240               | 1,240        | 1,240        | 1,240        | 1,240         | 1,240        | 1,240        | 1,240        | 1,240         | 1,240        | 1,240        | 1,240        | 14,880                                        | 15,680                 | 16,560                 |
| Property rates - penalties & collection charges | 100                 | 100          | 100          | 100          | 100           | 100          | 100          | 100          | 100           | 100          | 100          | 100          | 1,200                                         | 1,200                  | 1,200                  |
| Service charges - refuse revenue                | 123                 | 123          | 123          | 123          | 123           | 123          | 123          | 123          | 123           | 123          | 123          | 123          | 1,480                                         | 1,552                  | 1,632                  |
| Rental of facilities and equipment              | 25                  | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 300                                           | 320                    | 330                    |
| Interest earned - external investments          | 67                  | 67           | 67           | 67           | 67            | 67           | 67           | 67           | 67            | 67           | 67           | 67           | 800                                           | 800                    | 800                    |
| Interest earned - outstanding debtors           | 667                 | 667          | 667          | 667          | 667           | 667          | 667          | 667          | 667           | 667          | 667          | 667          | 8,000                                         | 8,000                  | 8,000                  |
| Fines                                           | 8                   | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 8             | 8            | 8            | 8            | 101                                           | 101                    | 101                    |
| Agency services                                 | 196                 | 196          | 196          | 196          | 196           | 196          | 196          | 196          | 196           | 196          | 196          | 196          | 2,350                                         | 2,695                  | 2,960                  |
| Transfer receipts - operational                 | 38,519              | 877          | 4,500        |              | 28,609        | 4,500        |              |              | 26,042        |              | 4,500        | –            | 107,546                                       | 108,732                | 111,275                |
| Other revenue                                   | 25                  | 25           | 25           | 25           | 25            | 25           | 25           | 25           | 25            | 25           | 25           | 29           | 300                                           | 306                    | 307                    |
| <b>Cash Receipts by Source</b>                  | <b>40,969</b>       | <b>3,327</b> | <b>6,950</b> | <b>2,450</b> | <b>31,059</b> | <b>6,950</b> | <b>2,450</b> | <b>2,450</b> | <b>28,492</b> | <b>2,450</b> | <b>6,950</b> | <b>2,455</b> | <b>136,957</b>                                | <b>139,386</b>         | <b>143,165</b>         |
| <b><u>Other Cash Flows by Source</u></b>        |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Transfer receipts - capital                     | 11,151              |              |              |              | 8,921         |              |              |              | 6,692         |              |              | –            | 26,764                                        | 27,703                 | 29,111                 |
| <b>Total Cash Receipts by Source</b>            | <b>52,120</b>       | <b>3,327</b> | <b>6,950</b> | <b>2,450</b> | <b>39,980</b> | <b>6,950</b> | <b>2,450</b> | <b>2,450</b> | <b>35,184</b> | <b>2,450</b> | <b>6,950</b> | <b>2,455</b> | <b>163,721</b>                                | <b>167,089</b>         | <b>172,276</b>         |
| <b><u>Cash Payments by Type</u></b>             |                     |              |              |              |               |              |              |              |               |              |              |              |                                               |                        |                        |
| Employee related costs                          | 3,842               | 3,842        | 3,842        | 3,842        | 3,842         | 3,842        | 3,842        | 3,842        | 3,842         | 3,842        | 3,842        | 3,843        | 46,106                                        | 53,266                 | 57,853                 |
| Remuneration of councillors                     | 692                 | 692          | 692          | 692          | 692           | 692          | 692          | 692          | 692           | 692          | 692          | 693          | 8,305                                         | 9,126                  | 10,061                 |
| Finance charges                                 | 250                 | 250          | 250          | 250          | 250           | 250          | 250          | 250          | 250           | 250          | 250          | 250          | 3,000                                         | 3,300                  | 3,500                  |
| Contracted services                             | 4,035               | 4,035        | 4,035        | 4,035        | 4,035         | 4,035        | 4,035        | 4,035        | 4,035         | 4,035        | 4,035        | 4,035        | 48,418                                        | 46,031                 | 51,111                 |
| Other expenditure                               | 1,835               | 1,835        | 1,835        | 1,835        | 1,835         | 1,835        | 1,835        | 1,835        | 1,835         | 1,835        | 1,835        | 1,835        | 22,015                                        | 23,233                 | 24,672                 |

|                                                |               |                |                |                 |               |                |                 |                 |               |                 |                |                 |               |                |                |                |
|------------------------------------------------|---------------|----------------|----------------|-----------------|---------------|----------------|-----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|----------------|----------------|----------------|
| <b>Cash Payments by Type</b>                   | <b>10,653</b> | <b>10,653</b>  | <b>10,653</b>  | <b>10,653</b>   | <b>10,653</b> | <b>10,653</b>  | <b>10,653</b>   | <b>10,653</b>   | <b>10,653</b> | <b>10,653</b>   | <b>10,653</b>  | <b>10,653</b>   | <b>10,656</b> | <b>127,843</b> | <b>134,956</b> | <b>147,197</b> |
| <b>Other Cash Flows/Payments by Type</b>       |               |                |                |                 |               |                |                 |                 |               |                 |                |                 |               |                |                |                |
| Capital assets                                 | –             | –              | 3,226          | 3,226           | 3,226         | 3,226          | 3,226           | 3,226           | 3,226         | 3,226           | 3,226          | 3,226           | 3,226         | 32,264         | 27,703         | 29,111         |
| Repayment of borrowing                         | 145           | 145            | 145            | 145             | 145           | 145            | 145             | 145             | 145           | 145             | 145            | 145             | 155           | 1,750          | 1,750          | 1,750          |
| <b>Total Cash Payments by Type</b>             | <b>10,798</b> | <b>10,798</b>  | <b>14,025</b>  | <b>14,025</b>   | <b>14,025</b> | <b>14,025</b>  | <b>14,025</b>   | <b>14,025</b>   | <b>14,025</b> | <b>14,025</b>   | <b>14,025</b>  | <b>14,025</b>   | <b>14,037</b> | <b>161,857</b> | <b>164,409</b> | <b>178,058</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>    | <b>41,322</b> | <b>(7,471)</b> | <b>(7,074)</b> | <b>(11,574)</b> | <b>25,955</b> | <b>(7,074)</b> | <b>(11,574)</b> | <b>(11,574)</b> | <b>21,159</b> | <b>(11,574)</b> | <b>(7,074)</b> | <b>(11,582)</b> | <b>1,864</b>  | <b>1,864</b>   | <b>2,680</b>   | <b>(5,782)</b> |
| Cash/cash equivalents at the month/year begin: | 8,000         | 49,322         | 41,851         | 34,777          | 23,203        | 49,158         | 42,083          | 30,509          | 18,935        | 40,094          | 28,520         | 21,445          | 8,000         | 9,864          | 12,544         | 12,544         |
| Cash/cash equivalents at the month/year end:   | 49,322        | 41,851         | 34,777         | 23,203          | 49,158        | 42,083         | 30,509          | 18,935          | 40,094        | 28,520          | 21,445         | 9,864           | 9,864         | 12,544         | 12,544         | 6,762          |



## 2.10 Annual budgets and SDBIPs – internal departments

Tables 22 and 23 show the monthly departmental SDBIP for expenditure and income respectively.

### 2.10.1 Table 22 - SDBIP Expenditure

| Details                   | Budget<br>2015/2016 | Jul               | Aug               | Sep               | Oct               | Nov               | Dec               | Jan               | Feb               | Mar               | Apr               | May               | Jun               |
|---------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Annual Expenditure</b> |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Council General           | 12,060,000          | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         | 1,005,000         |
| Municipal Manager         | 18,802,000          | 1,565,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         | 1,567,000         |
| Corporate Services        | 13,268,000          | 1,102,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         | 1,106,000         |
| Community Services        | 9,860,000           | 820,000           | 820,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           | 822,000           |
| Municipal Buildings       | 6,500,000           | 540,000           | 540,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           | 542,000           |
| Library                   | 1,574,000           | 132,000           | 132,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           | 131,000           |
| Traffic                   | 3,057,000           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           | 254,750           |
| Motor Licensing           | 1,064,000           | 87,000            | 87,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            | 89,000            |
| Finance                   | 22,982,000          | 1,916,000         | 1,916,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         | 1,915,000         |
| Technical Services        | 18,175,000          | 1,510,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         | 1,515,000         |
| Road and Storm Water      | 8,600,000           | 715,000           | 715,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           | 717,000           |
| Building & Infrastructure | 70,000              | 5,000             | 5,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             | 6,000             |
| Cemetery                  | 1,199,000           | 99,000            | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           |
| Environmental Management  | 982,000             | 80,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            | 82,000            |
| Cleansing and Solid Waste | 700,000             | 60,000            | 60,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            | 58,000            |
| Pounds                    | 450,000             | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            | 37,500            |
| Contribution to Reserves  | 500,000             | 40,000            | 40,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            | 42,000            |
| INEP Expenditure          | 18,000,000          | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         |
| Contribution to Capital   | 32,264,000          | 2,690,000         | 2,690,000         | 2,690,000         | 2,690,000         | 2,688,000         | 2,688,000         | 2,688,000         | 2,688,000         | 2,688,000         | 2,688,000         | 2,688,000         | 2,688,000         |
|                           | <b>170,107,000</b>  | <b>14,158,250</b> | <b>14,172,250</b> | <b>14,179,250</b> | <b>14,179,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> | <b>14,177,250</b> |

**2.10.2 Table 23 - SDBIP Income**

| Details                          | Budget<br>2015/2016 | Jul               | Aug              | Sep              | Oct              | Nov               | Dec              | Jan              | Feb              | Mar               | Apr              | May              | Jun              |
|----------------------------------|---------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| <b>Annual Income</b>             |                     |                   |                  |                  |                  |                   |                  |                  |                  |                   |                  |                  |                  |
| Rates                            | 18,600,000          | 1,550,000         | 1,550,000        | 1,550,000        | 1,550,000        | 1,550,000         | 1,550,000        | 1,550,000        | 1,550,000        | 1,550,000         | 1,550,000        | 1,550,000        | 1,550,000        |
| Rates: Penalties                 | 1,500,000           | 125,000           | 125,000          | 125,000          | 125,000          | 125,000           | 125,000          | 125,000          | 125,000          | 125,000           | 125,000          | 125,000          | 125,000          |
| Fees: Photocopies                | 10,000              | 850               | 850              | 830              | 830              | 830               | 830              | 830              | 830              | 830               | 830              | 830              | 830              |
| Fees: Rates Clearance            | 15,000              | 1,250             | 1,250            | 1,250            | 1,250            | 1,250             | 1,250            | 1,250            | 1,250            | 1,250             | 1,250            | 1,250            | 1,250            |
| Grants: Equitable Share          | 84,824,000          | 35,343,000        | 0                | 0                | 0                | 28,274,000        | 0                | 0                | 0                | 21,207,000        | 0                | 0                | 0                |
| Conditional Grants:<br>FMG&MSIG  | 2,730,000           | 2,730,000         | 0                | 0                | 0                | 0                 | 0                | 0                | 0                | 0                 | 0                | 0                | 0                |
| Grants: EPWP & Arts &<br>Culture | 1,992,000           | 446,000           | 877,000          | 0                | 0                | 334,500           | 0                | 0                | 0                | 334,500           | 0                | 0                | 0                |
| Interest: Investments            | 800,000             | 67,000            | 67,000           | 66,600           | 66,600           | 66,600            | 66,600           | 66,600           | 66,600           | 66,600            | 66,600           | 66,600           | 66,600           |
| Interest: Arrear Accounts        | 10,000,000          | 833,700           | 833,300          | 833,300          | 833,300          | 833,300           | 833,300          | 833,300          | 833,300          | 833,300           | 833,300          | 833,300          | 833,300          |
| Interest: Current Account        | 30,000              | 2,500             | 2,500            | 2,500            | 2,500            | 2,500             | 2,500            | 2,500            | 2,500            | 2,500             | 2,500            | 2,500            | 2,500            |
| Fees                             | 6,000               | 500               | 500              | 500              | 500              | 500               | 500              | 500              | 500              | 500               | 500              | 500              | 500              |
| Rent: Facilities                 | 300,000             | 25,000            | 25,000           | 25,000           | 25,000           | 25,000            | 25,000           | 25,000           | 25,000           | 25,000            | 25,000           | 25,000           | 25,000           |
| Library                          | 1,000               | 90                | 90               | 90               | 90               | 80                | 80               | 80               | 80               | 80                | 80               | 80               | 80               |
| Community Hall                   | 30,000              | 2,500             | 2,500            | 2,500            | 2,500            | 2,500             | 2,500            | 2,500            | 2,500            | 2,500             | 2,500            | 2,500            | 2,500            |
| Traffic                          | 100,000             | 8,500             | 8,500            | 8,300            | 8,300            | 8,300             | 8,300            | 8,300            | 8,300            | 8,300             | 8,300            | 8,300            | 8,300            |
| Motor Licensing                  | 2,350,000           | 195,850           | 195,850          | 195,830          | 195,830          | 195,830           | 195,830          | 195,830          | 195,830          | 195,830           | 195,830          | 195,830          | 195,830          |
| Maintenance                      | 44,964,000          | 11,151,000        | 200,000          | 4,500,000        | 0                | 8,921,000         | 4,500,000        | 0                | 0                | 11,192,000        | 0                | 0                | 4,500,000        |
| Cemetery                         | 5,000               | 400               | 400              | 420              | 420              | 420               | 420              | 420              | 420              | 420               | 420              | 420              | 420              |
| Cleansing                        | 1,850,000           | 154,500           | 154,500          | 154,100          | 154,100          | 154,100           | 154,100          | 154,100          | 154,100          | 154,100           | 154,100          | 154,100          | 154,100          |
| <b>Total Income</b>              | <b>170,107,000</b>  | <b>52,637,640</b> | <b>4,044,240</b> | <b>7,466,220</b> | <b>2,966,220</b> | <b>40,495,710</b> | <b>7,466,210</b> | <b>2,966,210</b> | <b>2,966,210</b> | <b>35,699,710</b> | <b>2,966,210</b> | <b>2,966,210</b> | <b>7,466,210</b> |

## 2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.12 Capital expenditure details

The following two tables' present details of the municipality's capital expenditure programme on new assets and on the repair and maintenance of assets.

**Table 24 MBRR SA 34a - Capital expenditure on new assets by asset class**

| Description                                                              | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Capital expenditure on new assets by Asset Class/Sub-class</u></b> |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b><u>Infrastructure</u></b>                                             | <b>6,698</b>    | <b>10,743</b>   | <b>16,783</b>   | <b>16,800</b>        | <b>25,470</b>   | <b>25,470</b>      | <b>14,424</b>                                       | <b>20,520</b>          | <b>17,914</b>          |
| Infrastructure - Road transport                                          | 3,441           | 10,571          | 13,718          | 13,800               | 22,470          | 22,470             | 14,424                                              | 20,520                 | 17,914                 |
| <i>Roads, Pavements &amp; Bridges</i>                                    | 3,441           | 10,571          | 13,718          | 13,800               | 22,470          | 22,470             | 13,424                                              | 19,183                 | 17,914                 |
| <i>Storm water</i>                                                       |                 |                 |                 |                      |                 |                    | 1,000                                               | 1,337                  |                        |
| Infrastructure - Electricity                                             | 3,257           | 172             | 3,065           | 3,000                | 3,000           | 3,000              | –                                                   | –                      | –                      |
| <i>Transmission &amp; Reticulation</i>                                   | 3,257           | 172             | 3,065           | 3,000                | 3,000           | 3,000              |                                                     |                        |                        |
| <b><u>Community</u></b>                                                  | <b>6,890</b>    | <b>8,608</b>    | <b>5,594</b>    | <b>11,900</b>        | <b>13,020</b>   | <b>13,020</b>      | <b>12,340</b>                                       | <b>7,183</b>           | <b>11,197</b>          |
| Sportsfields & stadia                                                    | 342             | 1,968           | 3,728           | 4,000                | 4,470           | 4,470              | 4,208                                               | 2,160                  |                        |
| Community halls                                                          | 1,012           | 229             | 1,835           | 1,200                | 1,350           | 1,350              | 3,924                                               | 1,337                  | 4,479                  |
| Buses                                                                    |                 | 149             |                 |                      |                 |                    | 562                                                 |                        |                        |

|                                                |               |               |               |               |               |               |               |               |               |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Other                                          | 5,536         | 6,262         | 31            | 6,700         | 7,200         | 7,200         | 3,646         | 3,687         | 6,718         |
| <b>Other assets</b>                            | <b>2,858</b>  | <b>6,218</b>  | <b>2,169</b>  | <b>4,000</b>  | <b>4,000</b>  | <b>4,000</b>  | <b>5,500</b>  | <b>-</b>      | <b>-</b>      |
| General vehicles                               | 641           |               |               | 1,000         | 1,000         | 1,000         | 2,000         |               |               |
| Specialised vehicles                           | -             | 1,582         | -             | -             | -             | -             | -             | -             | -             |
| Plant & equipment                              | 192           | 626           | 200           | 2,000         | 2,000         | 2,000         | 1,500         |               |               |
| Computers - hardware/equipment                 |               |               | 550           | 500           | 500           | 500           | 500           |               |               |
| Furniture and other office equipment           | 108           | 3,038         | 1,243         | 500           | 500           | 500           | 500           |               |               |
| Civic Land and Buildings                       | 1,867         | 972           | 176           |               |               |               |               |               |               |
| Other Land                                     | 50            |               |               |               |               |               | 1,000         |               |               |
| <b>Total Capital Expenditure on new assets</b> | <b>13,588</b> | <b>19,351</b> | <b>22,376</b> | <b>28,700</b> | <b>38,490</b> | <b>38,490</b> | <b>26,764</b> | <b>27,703</b> | <b>29,111</b> |

Table 25 MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description                                                                | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                            | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b><u>Repairs and maintenance expenditure by Asset Class/Sub-class</u></b> |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| -                                                                          |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b><u>Infrastructure</u></b>                                               | <b>242</b>      | <b>903</b>      | <b>1,206</b>    | <b>6,485</b>         | <b>6,485</b>    | <b>6,485</b>       | <b>8,600</b>                                        | <b>8,150</b>           | <b>8,200</b>           |
| Infrastructure - Road transport                                            | 242             | 903             | 1,206           | 6,485                | 6,485           | 6,485              | 8,600                                               | 8,150                  | 8,200                  |
| Roads, Pavements & Bridges                                                 | 242             | 903             | 1,206           | 6,485                | 6,485           | 6,485              | 8,600                                               | 8,150                  | 8,200                  |
| Storm water                                                                |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| <b><u>Other assets</u></b>                                                 | <b>2,038</b>    | <b>2,948</b>    | <b>5,741</b>    | <b>6,995</b>         | <b>6,995</b>    | <b>6,995</b>       | <b>7,475</b>                                        | <b>9,073</b>           | <b>9,670</b>           |
| General vehicles                                                           |                 |                 |                 |                      |                 |                    |                                                     |                        |                        |
| Plant & equipment                                                          | 849             | 1,236           | 447             | 975                  | 975             | 975                | 975                                                 | 1,073                  | 1,170                  |
| Furniture and other office equipment                                       | 20              | 49              | 17              | 20                   | 20              | 20                 | -                                                   | -                      | -                      |
| Civic Land and Buildings                                                   | 1,168           | 1,662           | 5,277           | 6,000                | 6,000           | 6,000              | 6,500                                               | 8,000                  | 8,500                  |

|                                           |       |       |       |        |        |        |        |        |        |
|-------------------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
|                                           |       |       |       |        |        |        |        |        |        |
| Total Repairs and Maintenance Expenditure | 2,279 | 3,850 | 6,947 | 13,480 | 13,480 | 13,480 | 16,075 | 17,223 | 17,870 |

Table 26 MBRR SA36 - Detailed capital budget per municipal vote

| Municipal Vote/Capital project | Individually Approved (Yes/No) | Asset Class                     | Asset Sub-Class                      | Prior year outcomes     |                      | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        | Project information |                |
|--------------------------------|--------------------------------|---------------------------------|--------------------------------------|-------------------------|----------------------|-----------------------------------------------------|------------------------|------------------------|---------------------|----------------|
|                                |                                |                                 |                                      | Audited Outcome 2013/14 | Current Year 2014/15 | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | Ward location       | New or renewal |
| <b>Parent municipality:</b>    |                                |                                 |                                      |                         |                      |                                                     |                        |                        |                     |                |
| Plate Compactor                | Yes                            | Other Assets                    | Plant & equipment                    | 12                      |                      |                                                     |                        |                        |                     | New            |
| Ride -on-Mower                 | Yes                            | Other Assets                    | Plant & equipment                    | 43                      |                      |                                                     |                        |                        |                     | New            |
| Kudu Mowers                    | Yes                            | Other Assets                    | Plant & equipment                    | 52                      |                      |                                                     |                        |                        |                     | New            |
| Brush Cutters                  | Yes                            | Other Assets                    | Plant & equipment                    | 57                      |                      |                                                     |                        |                        |                     | New            |
| Venter Trailers                | Yes                            | Other Assets                    | Plant & equipment                    | 36                      |                      |                                                     |                        |                        |                     | New            |
| PABX Telephone System          | Yes                            | Other Assets                    | Furniture and other office equipment | 461                     |                      |                                                     |                        |                        |                     | New            |
| Air Conditioners               | Yes                            | Other Assets                    | Furniture and other office equipment | 50                      |                      |                                                     |                        |                        |                     | New            |
| Printer - Finance              | Yes                            | Other Assets                    | Furniture and other office equipment | 94                      |                      |                                                     |                        |                        |                     | New            |
| Computers                      | Yes                            | Other Assets                    | Computers - software & programming   | 550                     |                      |                                                     |                        |                        |                     | New            |
| Furniture                      | Yes                            | Other Assets                    | Furniture and other office equipment | 637                     |                      |                                                     |                        |                        |                     | New            |
| Nomhele Hall                   | Yes                            | Community                       | Community halls                      | 1,616                   |                      |                                                     |                        |                        |                     | New            |
| Construction of Hall - Ward 5  | Yes                            | Community                       | Community halls                      | 219                     |                      |                                                     |                        |                        | Ward 5              | New            |
| New Hanover Offices            | Yes                            | Infrastructure - Other          | Civic Land and Buildings             | 52                      |                      |                                                     |                        |                        |                     | New            |
| Thusong Centre                 | Yes                            | Infrastructure - Other          | Civic Land and Buildings             | 79                      |                      |                                                     |                        |                        | Ward 2              | New            |
| Fencing at Dalton Office       | Yes                            | Infrastructure - Other          | Civic Land and Buildings             | 45                      |                      |                                                     |                        |                        |                     | New            |
| D708 Road                      | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 1,229                   |                      |                                                     |                        |                        | Ward 10             | New            |
| Dumela Bridge                  | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 563                     |                      |                                                     |                        |                        | Ward 08             | New            |
| D1006 Road                     | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 576                     |                      |                                                     |                        |                        |                     | New            |
| D599 Road                      | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 1,129                   |                      |                                                     |                        |                        | Ward 06             | New            |
| Kwantanzi Road                 | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 96                      |                      |                                                     |                        |                        | Ward 04             | New            |
| Resealing of Cool Air Roads    | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 3,527                   |                      |                                                     |                        |                        | Ward 07             | New            |
| D1012 Road                     | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 451                     |                      |                                                     |                        |                        | Ward 12             | New            |
| Regravelling of Various Roads  | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 1,063                   |                      |                                                     |                        |                        |                     | New            |
| Ndlaveleni Road                | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           | 927                     |                      |                                                     |                        |                        | Ward 13             | New            |

|                                      |     |                                 |                             |       |       |  |  |  |               |     |
|--------------------------------------|-----|---------------------------------|-----------------------------|-------|-------|--|--|--|---------------|-----|
| Okhalweni Road                       | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  | 599   |       |  |  |  |               | New |
| Resealing of Roads in Ward 2         | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  | 2,866 |       |  |  |  | Ward 02       | New |
| Cool Air Bus Route                   | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  | 693   |       |  |  |  | Ward 07       | New |
| Resurfacing of Mpolweni Sports Field | Yes | Community                       | Sportsfields & stadia       | 141   |       |  |  |  | Ward 10       | New |
| Sxandini Sports Field                | Yes | Community                       | Sportsfields & stadia       | 133   |       |  |  |  |               | New |
| Upgrade of Cool Air Sports Track     | Yes | Community                       | Sportsfields & stadia       | 1,948 |       |  |  |  | Ward 07       | New |
| Nkwadini Sports Field                | Yes | Community                       | Sportsfields & stadia       | 124   |       |  |  |  | Ward 11       | New |
| Soccer Goal Posts                    | Yes | Community                       | Sportsfields & stadia       | 128   |       |  |  |  |               | New |
| New Hanover Sports Field             | Yes | Community                       | Sportsfields & stadia       | 18    |       |  |  |  | Ward 02       | New |
| Masijabule Sports Field              | Yes | Community                       | Sportsfields & stadia       | 1,236 |       |  |  |  | Ward 11       | New |
| High Mast Lighting                   | Yes | Community                       | Street Lighting             | 31    |       |  |  |  | Various       | New |
| Mbava /electrification               | Yes | Infrastructure - Electricity    | Transmission & Reticulation | 3,065 |       |  |  |  |               | New |
|                                      |     |                                 |                             |       |       |  |  |  |               |     |
| Tarring of Thokozane Road            | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 4,000 |  |  |  | Ward 1        | New |
| Upgrade of Upper Main Road Ward 9    | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 3,500 |  |  |  | Ward 9        | New |
| Tarring of D708 - Phase 2            | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 4,000 |  |  |  | Ward 10       | New |
| Gravelling of Access Roads - Ward 11 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 2,300 |  |  |  | Ward 11       | New |
| Okhalweni Road                       | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 650   |  |  |  | Ward 4        | New |
| Cool Air Bus Route                   | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 3,200 |  |  |  | Ward 7        | New |
| Dumela Bridge                        | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 300   |  |  |  | Ward 8        | New |
| Tarring of D599                      | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 120   |  |  |  | Ward 6        | New |
| D1006                                | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 2,400 |  |  |  | Wards 6&8     | New |
| Ndlvaleni Road                       | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges  |       | 2,000 |  |  |  | Ward 13       | New |
| Upgrade of Various Sports Fields     | Yes | Community                       | Sportsfields & stadia       |       | 4,470 |  |  |  | Various Wards | New |
| High Mast Lighting                   | Yes | Community                       | Street Lighting             |       | 1,500 |  |  |  | Various Wards | New |
| Electrification - Ward 1             | Yes | Infrastructure - Electricity    | Transmission & Reticulation |       | 3,000 |  |  |  | Ward 1        | New |
| Ththtuka Training Centre             | Yes | Community                       | Other                       |       | 5,700 |  |  |  | Ward 8        | New |
| Upgrade of Masihambisane Hall        | Yes | Community                       | Community halls             |       |       |  |  |  | Ward 11       | New |

|                                        |     |                                 |                                      |       |       |  |  |         |     |
|----------------------------------------|-----|---------------------------------|--------------------------------------|-------|-------|--|--|---------|-----|
|                                        |     |                                 |                                      | 1,200 |       |  |  |         |     |
| Nomhele Hall                           | Yes | Community                       | Community halls                      | 150   |       |  |  | Ward 5  | New |
| Grader                                 | Yes | Other Assets                    | Plant & equipment                    | 1,500 |       |  |  |         | New |
| Vehicles                               | Yes | Other Assets                    | General vehicles                     | 1,000 |       |  |  |         | New |
| Computers                              | Yes | Other Assets                    | Computers - hardware/equipment       | 500   |       |  |  |         | New |
| Furniture                              | Yes | Other Assets                    | Furniture and other office equipment | 500   |       |  |  |         | New |
| Plant                                  | Yes | Other Assets                    | Plant & equipment                    | 500   |       |  |  |         | New |
| Thokozane Stormwater Project (2.4km)   | Yes | Infrastructure - Road transport | Storm water                          |       | 1,000 |  |  | Ward 1  | New |
| Extension of Asande Creche             | Yes | Community                       | Other                                |       | 484   |  |  | Ward 2  | New |
| New Hanover Sports Field               | Yes | Community                       | Sportsfields & stadia                |       | 484   |  |  | Ward 2  | New |
| Upgrading of P278 (3km)                | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |       | 1,962 |  |  | Ward 3  | New |
| Mbalenhle Creche                       | Yes | Community                       | Other                                |       | 800   |  |  | Ward 4  | New |
| Mjele Sports Field                     | Yes | Community                       | Sportsfields & stadia                |       | 1,462 |  |  | Ward 4  | New |
| Gwala Road                             | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |       | 1,462 |  |  | Ward 5  | New |
| Upgrading of Mbava Hall                | Yes | Community                       | Community halls                      |       | 1,462 |  |  | Ward 6  | New |
| Upgrading of Cool Air Sports Field     | Yes | Community                       | Sportsfields & stadia                |       | 1,462 |  |  | Ward 7  | New |
| Oqaqeni Hall                           | Yes | Community                       | Community halls                      |       | 1,462 |  |  | Ward 8  | New |
| Housing Infrastructure                 | Yes | Community                       | Roads, Pavements & Bridges           |       | 6,000 |  |  | Ward 9  | New |
| High Mast Lighting                     | Yes | Community                       | Street Lighting                      |       | 1,462 |  |  | Ward 10 | New |
| Conversion of Guijini Creche to a Hall | Yes | Community                       | Community halls                      |       | 1,000 |  |  | Ward 11 | New |
| Tarring of D1013                       | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |       | 4,000 |  |  | Ward 12 | New |
| Dlembezembuzi Sports Field             | Yes | Community                       | Sportsfields & stadia                |       | 800   |  |  | Ward 12 | New |
| Namibia Creche                         | Yes | Community                       | Other                                |       | 900   |  |  | Ward 13 | New |
| Bus Shelters                           | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |       | 562   |  |  | Ward 13 | New |
| Land                                   | Yes | Other Assets                    | Civic Land and Buildings             |       |       |  |  |         | New |



|                                       |     |                                 |                                      |  |       |        |       |         |     |
|---------------------------------------|-----|---------------------------------|--------------------------------------|--|-------|--------|-------|---------|-----|
|                                       |     |                                 |                                      |  | 1,000 |        |       |         |     |
| Vehicles                              | Yes | Other Assets                    | General vehicles                     |  | 2,000 |        |       |         | New |
| Plant                                 | Yes | Other Assets                    | Plant & equipment                    |  | 1,500 |        |       |         | New |
| Furniture                             | Yes | Other Assets                    | Furniture and other office equipment |  | 500   |        |       |         | New |
| Computer Equipment                    | Yes | Other Assets                    | Computers - software & programming   |  | 500   |        |       |         | New |
| High Mast Lighting                    | Yes | Community                       | Street Lighting                      |  |       | 1,014  |       | Ward 1  | New |
| Completion of Sports Field            | Yes | Community                       | Sportsfields & stadia                |  |       | 823    |       | Ward 2  | New |
| Khamanzi Road                         | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       | 1,337  |       | Ward 3  | New |
| Mbalenhle Hall                        | Yes | Community                       | Community halls                      |  |       | 1,337  |       | Ward 4  | New |
| Island Sports Field                   | Yes | Community                       | Sportsfields & stadia                |  |       | 1,337  |       | Ward 5  | New |
| Estezi Creche                         | Yes | Community                       | Other                                |  |       | 1,337  |       | Ward 6  | New |
| Cool Air Storm Water & Drainage       | Yes | Infrastructure - Road transport | Storm water                          |  |       | 1,337  |       | Ward 7  | New |
| Thuthuka Training Centre              | Yes | Community                       | Other                                |  |       | 1,337  |       | Ward 8  | New |
| Housing Infrastructure                | Yes | Community                       | Roads, Pavements & Bridges           |  |       | 12,500 |       | Ward 9  | New |
| Completion of D708                    | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       | 1,337  |       | Ward 10 | New |
| Upgrading all access roads            | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       | 1,337  |       | Ward 11 | New |
| Tarring of D1012                      | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       | 1,337  |       | Ward 12 | New |
| Tarring of D1012                      | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       | 1,337  |       | Ward 13 | New |
| Tarring of D329                       | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       |        | 2,239 | Ward 1  | New |
| New Hanover Ext Roads                 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       |        | 2,239 | Ward 2  | New |
| Completion of D40                     | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       |        | 2,239 | Ward 3  | New |
| Tarring of College to Nxumalo Road    | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       |        | 2,239 | Ward 4  | New |
| Appelsbosch Hall                      | Yes | Community                       | Community halls                      |  |       |        | 2,239 | Ward 5  | New |
| Access Road to Tholeni Hall & Parking | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges           |  |       |        | 2,239 | Ward 6  | New |

|                                  |     |                                 |                            |               |               |               |               |               |         |     |
|----------------------------------|-----|---------------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------|-----|
| Resealing of Roads               | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges |               |               |               |               | 2,239         | Ward 7  | New |
| Msilili Centre                   | Yes | Community                       | Other                      |               |               |               |               | 2,239         | Ward 8  | New |
| High Mast Lighting               | Yes | Community                       | Street Lighting            |               |               |               |               | 2,239         | Ward 9  | New |
| Upgrade of Gravel Access Roads   | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges |               |               |               |               | 2,239         | Ward 10 | New |
| Renovation of Ekupholeni Hall    | Yes | Community                       | Community halls            |               |               |               |               | 2,239         | Ward 11 | New |
| Tarring of D1012                 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges |               |               |               |               | 2,239         | Ward 12 | New |
| Tarring of D457                  | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges |               |               |               |               | 2,239         | Ward 13 | New |
| <b>Total Capital expenditure</b> |     |                                 |                            | <b>24,545</b> | <b>42,490</b> | <b>32,264</b> | <b>27,703</b> | <b>29,111</b> |         |     |

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format is fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme  
The municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department. The interns have completed their two year contract on 31 January 2015, and extension for five months has been granted by National Treasury. Since the introduction of the Internship programme the municipality has successfully trained 13 interns through this programme and employed four of them and the others have found employment in other government departments.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 and is directly aligned and informed by the 2015/16 IDP.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Minimum Competency Levels  
All employees within the BTO have either completed their MFMP training or are in the process of completing the training by 30 June 2015.
8. Policies  
Subsequent to the amendment of the Municipal Property Rates Regulations ratios as prescribed are complied with.

## 2.14 Other supporting documents

The supporting tables to the A1 schedules are attached to this document,

## 2.15 Municipal manager's quality certificate

I Mr. N.M. Mabaso, municipal manager of uMshwathi Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name     Mr. N.M. Mabaso

Municipal manager of uMshwathi Municipality

Signature     \_\_\_\_\_

Date     \_\_\_\_\_